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unty of Contra Costa, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2003

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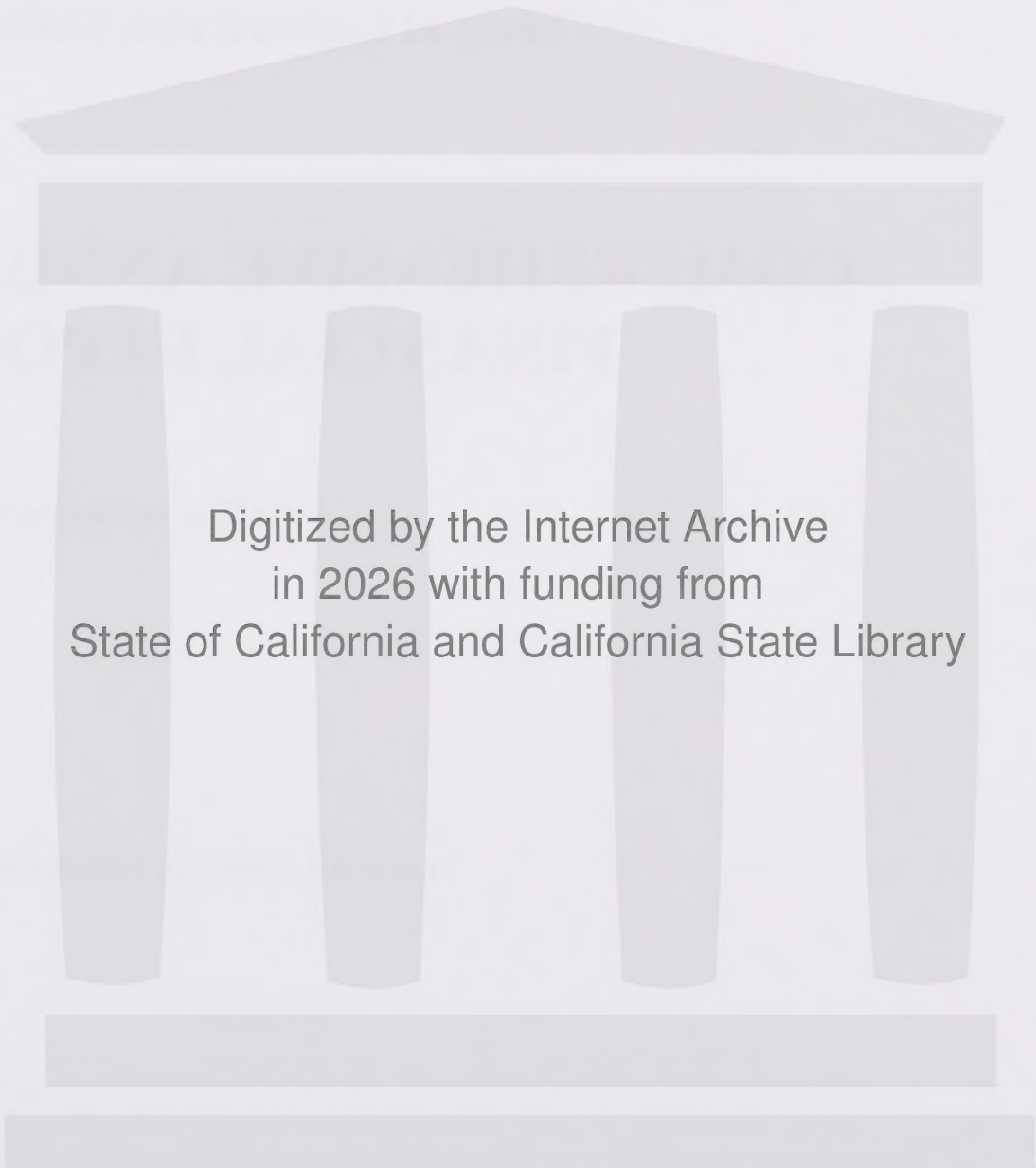
Kenneth J. Corcoran, Auditor-Controller

County of Contra Costa, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2003

Kenneth J. Corcoran, Auditor-Controller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COUNTY OF CONTRA COSTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

INTRODUCTORY SECTION

Contra Costa County

Office of
COUNTY AUDITOR-CONTROLLER

625 Court Street
Martinez, California 94553-1282
Telephone (925) 646-2181
Fax (925) 646-2649

Kenneth J. Corcoran
Auditor-Controller

Stephen J. Ybarra
Assistant Auditor-Controller

November 14, 2003

Members of the Board of Supervisors and Citizens of Contra Costa County:

The Comprehensive Annual Financial Report (CAFR) of the County of Contra Costa for the fiscal year of 2002-2003 is presented in compliance with Sections 25250 and 25253 of the Government Code of the State of California. The Office of the County Auditor-Controller, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, prepared this report. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the County as measured by the financial activity of its various funds and component units and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all of its financial transactions. The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The Financial Section includes the independent auditors' report on the basic financial statements, Management Discussion and Analysis (MD&A), audited basic financial statements, note disclosures and supporting statements and schedules necessary to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year.
- The Statistical Section contains comprehensive statistical data for the County relating to its physical, economic, social and political characteristics.

THE REPORTING ENTITY

The County reporting entity includes all the financial balances and activities of the primary government as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable or other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would make the enclosed financial statements misleading or incomplete. For further information on these component units see Note 1.A in the notes to the basic financial statements section of this report.

The reporting entity excludes certain separate legal entities which may have "Contra Costa" in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Examples are school districts, the community college district, cities, city redevelopment agencies, the Bay Area Rapid Transit District, the Metropolitan Transportation Commission, and a variety of special purpose districts for cemeteries, mosquito abatement, recreation and parks, etc. These entities are autonomous organizations that handle their own fiscal affairs and for which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying basic financial statements, except for their assets, principally cash and investments, which are held by the County Treasurer.

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the State. It is one of nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles; the western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial and light industrial.

The County has a general law form of government. A five member Board of Supervisors, each elected to four year terms, serves as the legislative body. A County Administrative Officer is appointed by the Board and runs the day-to-day business.

The County provides the full-range of services contemplated by statute. These services include public protection, highways and streets, sanitation, health and social services, planning and zoning and general administrative services.

ECONOMIC CONDITIONS AND OUTLOOK

Long-term population and job growth projections remain positive. As of January 1, 2003, the County's population was estimated at 994,908, an increase of 24.8 percent since 1990 and a 7.0 percent increase since 2000. A study prepared by the Association of Bay Area Governments projects a 36.0 percent increase in population between 2000 and 2040.

Between September 2002 and September 2003 the County's jobless rate decreased from 5.5 percent to 5.1 percent. Consistent with historical performance, it was significantly below the statewide average of 6.1 percent. The County's economy is very diverse; major industries include petroleum refining, steel manufacturing, chemicals, electronic equipment, paper products, services and food processing. The County consistently ranks as a leader in both per capita and household income.

Additional information on the County's economic conditions and outlook is presented in the MD&A and in the Statistical Section.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

The County continued to explore and initiate ways to improve its operations to provide the most efficient and effective level of service to the public. The following highlights are some of the County's major accomplishments, initiatives and service-level efforts for fiscal year 2002-2003:

- The County maintained favorable bond ratings that will continue to produce significant taxpayer savings through lower borrowing costs.

- The County continued sound financial management practices and, where appropriate, utilized various forms of financing. The County received a grant of over $1 million from PG&E for the installation of two 160 kw photovoltaic systems, which funded about one half of the project cost. These two sites have produced 14,033 kwh of power since the installation in the fall of 2002. In addition to generating free electricity, these solar projects improve air quality and reduce the County's draw on the statewide energy grid during peak summer months.

- This fiscal year the County continued to focus on disaster management planning and emergency controls.
    - The County completed a $4.2 million telecommunications project that will serve as the foundation for a four to five year "Public Safety Communication System and Infrastructure" master plan. As a result, the County's microwave platform was upgraded, which included new transmission and receiving station towers and enhanced security for the microwave and back-up landline communications. Additionally, the County initiated new in-depth, disaster management training programs and successfully activated a simulated major disaster exercise.
    - The Office of the Sheriff took possession of its second helicopter. With this addition, tactical air support is more reliable and consistent and makes communities safer by allowing law enforcement to better respond to emergencies.
    - The Office of the Sheriff's Community Warning System Project Team completed a comprehensive evaluation process to select a new vendor to support the needs of the County. By the end of 2003, the County will enter into a three-year contract with a vendor that will improve the County's responsiveness to emergencies in the community.

- The County remained actively involved at the State and federal level by:
    - Procuring budget funding totaling $7.115 million for Army Corps of Engineers dredging projects that will improve shipping and enhance levee restoration.
    - Successfully sponsoring three bills at the state level that advanced the County's priorities in the areas of affordable housing, park planning, and employee retirement benefits through the County's legislative program.
    - Receiving several federal grants to create a "Youthbuild" program to provide education and construction skills to ex-youth offenders in the community.

- Identifying programs and functions subject to the new Health Insurance Portability and Accountability Act (HIPAA) and instituting various systems to ensure compliance with this federal mandate.

- The overall operations of the County continued to improve and initiatives to create easier public access were implemented by:

  - Completing the unification and consolidation of three dependent fire districts in East Contra Costa County to form a new East Contra Costa Fire Protection District, enhancing fire protection services and operational efficiency.

  - Developing an on-line training capacity that allows departments to develop customized training programs and administering desktop training. This innovative technology eliminates the costs associated with employees leaving their worksite to attend training classes and instructors' fees.

  - Updating the County's contract forms and developing and publishing a "Contracts Administration Guide" to ensure consistency in the issuing and processing of contracts; and, conducting a training workshop and publishing the guide and new forms on the County's intranet website.

  - Developing an internet website to provide convenient access to the public and staff on the Board of Supervisors' advisory bodies, rosters, vacancies, and application processes. Additionally, publishing an "Advisory Body Handbook" and providing training on the Handbook, Brown Act, and Better Government Ordinance.

  - Signing a 15 year franchise agreement with cable television provider Seren which resulted in the County having several fire stations and other buildings connected with fiber optics communications lines and 13 sites receiving free cable TV and internet connections. This will provide significant Public, Education and Government Access (PEG) benefits to the County. The County received $48,000 and will receive additional monies over the life of the franchise which will allow us to provide Government Access programming (Board of Supervisors meetings, health, welfare, arts) to the citizens.

  - Upgrading a Disc Image System that significantly improves the speed of processing child support payments. The new Disc Image allows the payment-processing group to process 2,000 more payments per month.

  - Modernizing research and retrieval of the Board of Supervisors' records by creating a master index of Board resolutions. This replaces handwritten indexes with an electronic, searchable version.

  - Reducing apple growers' use of "more toxic" pesticides by 41% over 3 years due to Cooperative Extension's research and education program to reduce agricultural pesticides in Contra Costa County. County growers also used Cooperative Extension information on "alternative control measures" in designing pest control plans for their operations. These alternative measures will result in reducing both pesticide use and cost.

- The Health Services Department continued to carry out its mission to care for and improve the health of all people in Contra Costa County with special attention to those who are most vulnerable to health problems by supporting increased access to and maintaining the quality of health care and protecting the health of all County residents.

    - A new health center was opened in the city of Martinez. The new health center increases patient convenience and continuity of care by housing all specialty clinics, laboratory draw stations, diagnostic imaging services, outpatient pharmacy, and point-of-service registration in the same building.

    - The Contra Costa Health Plan maintained its Medi-Cal market share and experienced record growth in membership with a total of 60,000 individuals enrolled.

    - The Mobile Response Team for children and adolescent mental health demonstrated a 93% success rate in providing crisis interventions and preventive actions with new clients that resulted in stabilization without hospitalization.

    - The Contra Costa Automated Immunization Registry (CCAIR) received nationwide recognition for addressing health disparities by using innovations in technology. Immunization rates for children continued to increase for the fourth consecutive year.

FINANCIAL INFORMATION

County management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the County are protected from loss, theft or misuse, and that accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Budgetary control is maintained at the object level for all annually budgeted funds; however, the legal level of control is at the department level. Using the County's automated accounting system, the Auditor-Controller restricts each department's expenditures to the amounts appropriated by the Board of Supervisors for the year. Increases in budget appropriations must be approved by the Board of Supervisors as a transfer from the Reserve for Contingencies, as a transfer from another appropriation, or as an appropriation of new or unanticipated revenue. No department is permitted to spend more than its available appropriations. Any appropriations remaining in the departments at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are reported as reservations of fund balances at June 30, 2003, and are re-appropriated as part of the following year's budget.

Additional information on budget policy and control is presented in the Note to Required Supplementary Information on page 76.

General Governmental Functions

The financial activities of the general governmental functions are reported in the General, Special Revenue, Debt Service, Capital Projects and Permanent Funds. Included in these Funds are the special districts governed by the Board of Supervisors and the County's blended component units except for the Housing Authority, which is included in enterprise operations.

Enterprise Operations

The County's business-type activities are reported in the Enterprise Funds. These include the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center and the Major Risk Medical Insurance Enterprise Funds.

Cash Management

Cash temporarily idle during the year was invested in accordance with California Government Code Section 53600 (et seq.) which allows investment maximums of 40.0 percent in bankers' acceptances, 30.0 percent in negotiable certificates of deposit, and up to 30.0 percent in commercial paper. There is no limit on investments in collateralized certificates of deposit and U.S. Government issues. The County Treasurer continues to have a more restrictive investment policy than required by law. The Treasurer's investment policy was approved by the Board of Supervisors. In accordance with Government Code Sections 27130-27137, an investment oversight committee has reviewed the quarterly investment reports prepared by the Treasurer. The average yield on investments for the fiscal year ended June 30, 2003, was 2.11 percent.

Debt Administration

The County finances its cash requirements prior to collection of taxes by short-term borrowing. The 2002-2003 Tax and Revenue Anticipation Notes of $55,000,000 received ratings of MIG 1 from Moody's Investors Service and SP-1+ from Standard and Poor's Corporation. These are the highest ratings for this type of borrowing. For long term obligations Standard and Poor's Corporation has given the County an Issuer Credit Rating of AA.

The County has capital lease obligations under lease/purchase agreements for various County buildings and other property. Some older agreements have been made with the Contra Costa County Public Facilities Corporation, a non-profit public benefit corporation which assisted the County in financing public buildings and facilities. Beginning in fiscal year 1997-1998, most new agreements have been and will be made with the County of Contra Costa Public Financing Authority, a joint powers authority consisting of the County and the Redevelopment Agency.

The County has issued Pension Obligation Bonds to fund the unfunded accrued actuarial liability (UAAL) of the County for retirement benefits accruing to County members of the Contra Costa County Employees' Retirement Association (CCCERA). Due to favorable market conditions and the County's excellent credit ratings, the County was able to realize substantial savings in the cost to pay its UAAL obligation to the CCCERA. For

specific information see Management's Discussion and Analysis and Note 11 in the notes to the basic financial statements.

Risk Management

The County is self-insured for workers' compensation, general and automobile liability, medical malpractice, dental, management long-term disability and unemployment insurance. The County maintains excess insurance policies with private insurers to cover additional losses.

The County's Risk Management office administers claims for the various programs, provides loss prevention services and minimizes risks through various risk control strategies.

For specific information on coverage see Note 18 in the notes to the basic financial statements.

Pension Trust Fund Operations

The County participates in and contributes to a cost-sharing, multi-employer defined benefit pension plan that is governed by the County Employees Retirement Law of 1937 and which is administered by the Contra Costa County Employees' Retirement Association (CCCERA). Financial activities of the plan are reported in the County's Pension Trust Fund and a Comprehensive Annual Financial Report is available from CCCERA. Additional information about the plan is also presented in Note 15 in the notes to the basic financial statements in this report. CCCERA's address can be found in Note 1.A.

OTHER INFORMATION

Independent Audit

For over 60 years the policy of the County has been to require an annual audit of the financial statements of the County by independent certified public accountants. The Board of Supervisors selected the firm of Caporicci & Larson, Certified Public Accountants, to perform the fiscal year 2002-2003 audit.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Contra Costa County for its fiscal year 2001-2002 Comprehensive Annual Financial Report. This was the twenty-first consecutive fiscal year the County has received this award.

In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid only for a period of one year. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

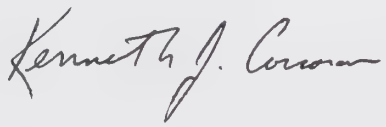
Web Site

The County maintains an internet web site with an increasing amount of information useful to its citizens at http://www.co.contra-costa.ca.us. This document is also available there.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Office of the Auditor-Controller. I would like to express my appreciation to all members of the Office who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors and the County Administrator for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Kenneth J. Corcoran
Auditor-Controller

COUNTY OF CONTRA COSTA

PUBLIC OFFICIALS

June 30, 2003

ELECTED OFFICIALS

Supervisor, District 1	John Gioia
Supervisor, District 2	Gayle B. Uilkema
Supervisor, District 3	(Vacant)
Supervisor, District 4	Mark De Saulnier
Supervisor, District 5	Federal Glover
Assessor	Gus Kramer
Auditor-Controller	Kenneth J. Corcoran
Clerk-Recorder	Stephen L. Weir
District Attorney-Public Administrator	Robert J. Kochly
Sheriff-Coroner	Warren E. Rupf
Treasurer-Tax Collector	William J. Pollacek

APPOINTED OFFICIALS

County Administrator	John Sweeten
County Counsel	Silvano Marchesi
County Librarian	Anne Cain
County Probation Officer	Steve Bautista
Director of Animal Services	Michael G. Ross
Director of Building Inspection	Carlos Baltodano
Director of Child Support Services	Linda M. Dippel
Director of Community Development	Dennis Barry
Director of Community Services	Tony Colon
Director of Cooperative Extension	Allan Lochmann
Director of Employment and Human Services	John Cullen
Director of General Services	Barton J. Gilbert
Director of Health Services	William Walker, MD
Director of Human Resources	Leslie T. Knight
Director of Public Works	Maurice Shiu
Agricultural Commissioner-Director of Weights and Measures	Edward P. Meyer
Chief Information Officer	Steven Steinbrecher
Public Defender	David Coleman III
Veterans' Services Officer	Gary D. Villalba
Chief, Contra Costa Fire Protection District	Keith Richter
Chief, Crockett-Carquinez Fire Protection District	Jerry Littleton, Jr.
Chief, East Contra Costa Fire Protection District	Jay D. Dawson

AFFILIATED ORGANIZATIONS

Administrator, Contra Costa County Employees' Retirement Association	Patricia Wiegert
Executive Director, Housing Authority of the County of Contra Costa	Robert McEwan
President, Contra Costa County Public Facilities Corporation	John E. Whalen
Executive Director, FIRST 5 Contra Costa Children and Families Commission	Brenda Blasingame
Executive Director, County of Contra Costa Public Financing Authority	John Sweeten
Executive Director, Contra Costa County Redevelopment Agency	John Sweeten
Executive Director (Acting), In-Home Supportive Services Public Authority	Frances Smith

Organizational Chart of Contra Costa County

BOARD OF SUPERVISORS (E)

COUNTY ADMINISTRATOR

PUBLIC PROTECTION

AGRICULTURE-WEIGHTS AND MEASURES

ANIMAL SERVICES

CHILD SUPPORT SERVICES

DISTRICT ATTORNEY (E)
- Public Administrator

GRAND JURY

PROBATION

PUBLIC DEFENDER

SHERIFF-CORONER (E)
- Court Security
- Emergency Services
- Institutions

SUPERIOR COURT
- (County Responsibilities)

GENERAL GOVERNMENT

ASSESSOR (E)

AUDITOR-CONTROLLER (E)

COOPERATIVE EXTENSION

COUNTY ADMINISTRATOR
- Affirmative Action
- Capital Facilities and Debt
- CCTV/Public Outreach Mgt.
- Clerk of the Board
- Information Technology
- Policy and Innovation Inst.
- Revenue Collections
- Risk Management
- Training Institute

COUNTY CLERK-RECORDER (E)
- Elections

COUNTY COUNSEL

GENERAL SERVICES
- Building and Grounds
- Central Services
- Communications
- Fleet Services
- General Property
- Purchasing
- Workfare Programs

HUMAN RESOURCES

LIBRARY

TREASURER-TAX COLLECTOR (E)

HEALTH AND HUMAN SERVICES

COMMUNITY SERVICES
- Family and Child Services Division

EMPLOYMENT AND HUMAN SERVICES

HEALTH SERVICES
- Substance Abuse
- California Children's Services
- Health Plan
- Hospital & Clinics
- Mental Health
- Public Health

VETERANS' SERVICES

GROWTH MANAGEMENT

BUILDING INSPECTION
- Housing Rehabilitation
- Land Information Systems

COMMUNITY DEVELOPMENT
- Comprehensive Planning
- Economic Development
- Land Development
- Transportation Planning

PUBLIC WORKS
- Airport
- Flood Control
- Roads

SPECIAL DISTRICTS AND AUTHORITIES

EMERGENCY MEDICAL SERVICES

FIRE PROTECTION

FLOOD CONTROL AND DRAINAGE

LIBRARY

LIGHTING & LANDSCAPE

POLICE

RECREATION & PARK

SANITATION

STREETS & ROADS

AFFILIATED ORGANIZATIONS

EMPLOYEES' RETIREMENT ASSOCIATION

HOUSING AUTHORITY (1)

PUBLIC FACILITIES CORPORATION

REDEVELOPMENT AGENCY (1)

PUBLIC FINANCING AUTHORITY (1)

FIRST 5 CONTRA COSTA CHILDREN & FAMILIES COMMISSION

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (1)

(E = Elected)

1. Authority/Agency Board is the Board of Supervisors

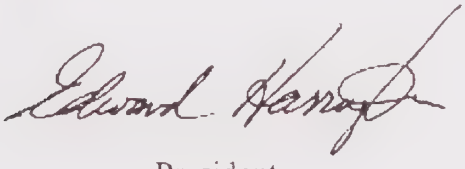
Certificate of Achievement for Excellence in Financial Reporting

Presented to

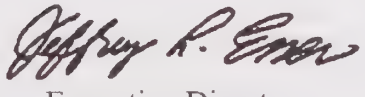
County of Contra Costa, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

FINANCIAL SECTION

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Supervisors
of the County of Contra Costa
Martinez, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Contra Costa, California (County), as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units:

- Contra Costa County Employees' Retirement Association, which represents $2,682,421,000 of assets of the fiduciary funds.
- Housing Authority of the County of Contra Costa, which represents $27,331,000 of assets and $3,940,000 of revenue of the business-type activities. (Blended component unit).
- FIRST 5 Contra Costa Children and Families First Commission, which represents $45,170,000 of assets and $12,673,000 of revenues. (Discrete component unit).

Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements of the County, insofar as it related to those amounts included for the above mentioned component units in the accompanying basic financial statements of the County, is based solely on the reports of the other auditors

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discrete component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson

Oakland, California
November 14, 2003

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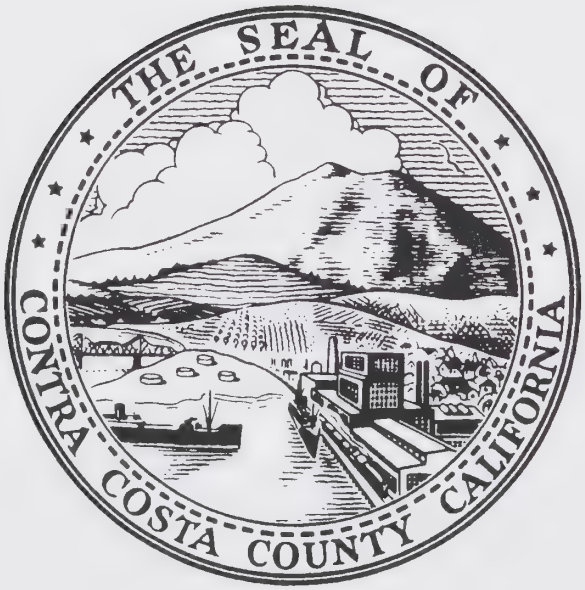

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Contra Costa's (County) Comprehensive Annual Financial Report presents a discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of fiscal year 2002-2003 by $916,070,000 (net assets), a 2.3 percent increase from the prior year. Of this amount, $457,431,000 is invested in capital assets, net of related debt, a decrease of 4.0 percent. $274,589,000 is restricted for specific purposes (restricted net assets), an increase of 1.4 percent. $184,050,000 may be used to meet the County's ongoing obligations to its citizens and creditors (unrestricted net assets), an increase of 24.3 percent.

- As of June 30, 2003, the County's governmental funds reported ending fund balances of $454,085,000, a decrease of 3.0 percent from the prior year. Approximately 79.8 percent of this total amount, $362,531,000, is unreserved fund balance.

- As of June 30, 2003, unreserved fund balance for the General Fund was $97,525,000 or 10.0 percent of total General Fund expenditures of $977,257,000.

- The County's total debt increased by $290,942,000 or 40.6 percent during fiscal year 2002-2003 ($322,710,000 pension obligation bonds issued).

- The downturn in the equity markets has resulted in reduced state revenues and losses in the investments of the Contra Costa County Employees' Retirement Association (CCCERA).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three parts: (1) **government-wide** financial statements, (2) **fund** financial statements, and (3) **notes** to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, health and sanitation, public assistance, education, public ways and facilities and recreation and culture. The business-type activities of the County include the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center and Major Risk Medical Insurance.

Fund Financial Statements

The fund financial statements report groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities and objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available for spending as well as on balances of resources that are available for spending at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 26 individual governmental funds (e.g. General Fund, special revenue funds, debt service funds, capital projects funds and permanent fund) for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds used by the County are of two different types: enterprise funds and internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of its County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center and Major Risk Medical Insurance.

- **Internal service funds** are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its administrative costs and payment of claims for its various insurance programs to protect County assets and employees. They have been allocated between the governmental functions and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of entities legally separate from the County and individuals, which are not part of the reporting entity. The Contra Costa County Employees' Retirement Association pension plan, the County's investment trust fund, private-purpose trust fund and agency funds are reported under fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's General Fund budget and actual comparisons. Progress in funding its obligation to provide pension benefits to employees is included in the CCCERA report.

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information (other than MD&A).

Component Units

The blended component units, as described in Note 1.A in the notes to the basic financial statements, are included in all three parts of the County's basic financial statements. The County and its blended component units constitute the primary government. In addition to the blended component units, the government-wide financial

statements and the notes to the basic financial statements also include the discretely presented component unit described in Note 1.A in the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by $916,070,000 at June 30, 2003.

COUNTY'S NET ASSETS
June 30, 2003
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2003	2002	2003	2002	2003	2002	Percent Change
Assets:							
Current and other assets	$ 1,329,464	1,049,662	133,764	125,383	1,463,228	1,175,045	24.5 %
Capital assets	671,679	633,982	192,375	191,534	864,054	825,516	4.7
Total Assets	2,001,143	1,683,644	326,139	316,917	2,327,282	2,000,561	16.3 %
Liabilities:							
Current and other liabilities	181,964	183,899	85,717	82,365	267,681	266,264	0.5 %
Long-term liabilities	978,560	671,106	164,971	167,820	1,143,531	838,926	36.3
Total Liabilities	1,160,524	855,005	250,688	250,185	1,411,212	1,105,190	27.7 %
Net Assets:							
Invested in capital assets, net of related debt	415,444	437,866	41,987	38,558	457,431	476,424	(4.0) %
Restricted	264,054	259,481	10,535	11,376	274,589	270,857	1.4
Unrestricted	161,121	131,292	22,929	16,798	184,050	148,090	24.3
Total Net Assets	$ 840,619	828,639	75,451	66,732	916,070	895,371	2.3 %

The largest portion of the County's net assets, $457,431,000, or 49.9 percent, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The increases in current and other assets and long-term liabilities (governmental and business-type activities) were primarily due to the issuance of the $322,710,000 pension obligation bond (and related net pension asset). See Note 11 and Note 15 in the notes to the basic financial statements for further information. This issuance also increased unrestricted net assets by providing approximately $17,000,000 to pay future debt service costs.

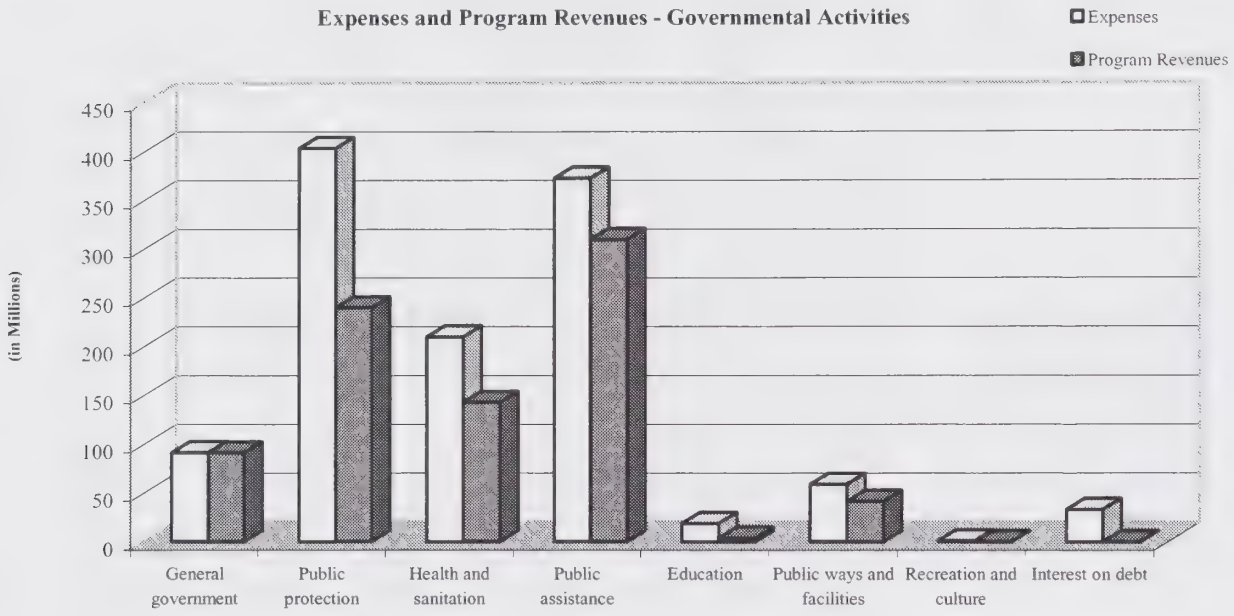
An additional portion of the County's net assets, $274,589,000, or 30.0 percent, represents resources that are subject to external restrictions on how they may be used. The major restriction on net assets, $244,951,000, is for legally segregated taxes, grants and fees. The remaining balance, $184,050,000, or 20.1 percent, is unrestricted net assets and may be used to meet the County's ongoing obligations to citizens and creditors.

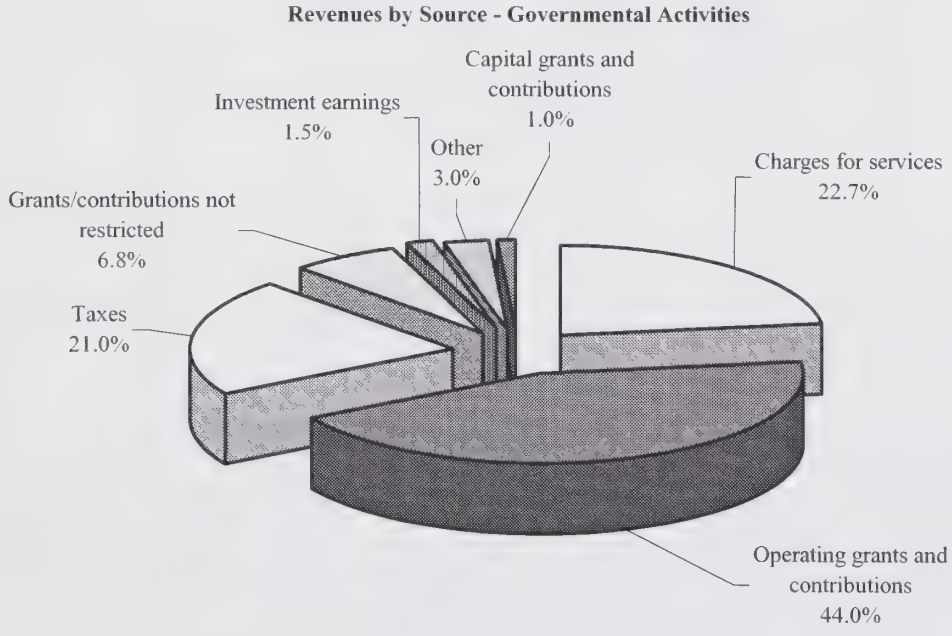
COUNTY'S CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2003
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2003	2002	2003	2002	2003	2002	Percent Change
Revenues:							
Program revenues:							
Charges for services	$ 277,375	250,536	331,749	290,866	609,124	541,402	12.5 %
Operating grants and contributions	538,684	544,900	103,347	94,474	642,031	639,374	0.4
Capital grants and contributions	12,332	12,573	4,595	7,194	16,927	19,767	(14.4)
General revenues:							
Taxes	256,920	238,684			256,920	238,684	7.6
Grants/contributions not restricted	83,035	77,741			83,035	77,741	6.8
Investment earnings	18,347	27,035	376	298	18,723	27,333	(31.5)
Other	36,140	20,158	551	1,076	36,691	21,234	72.8
Total revenues	1,222,833	1,171,627	440,618	393,908	1,663,451	1,565,535	6.3 %
Expenses:							
General government	91,367	115,534			91,367	115,534	(20.9) %
Public protection	403,297	365,757			403,297	365,757	10.3
Health and sanitation	209,772	184,109			209,772	184,109	13.9
Public assistance	372,499	328,450			372,499	328,450	13.4
Education	18,822	16,364			18,822	16,364	15.0
Public ways and facilities	58,886	56,197			58,886	56,197	4.8
Recreation and culture	875	793			875	793	10.3
Interest on debt	33,029	36,340			33,029	36,340	(9.1)
Capital outlay							
County hospital			245,497	229,584	245,497	229,584	6.9
Health maintenance organization			117,677	112,386	117,677	112,386	4.7
Airport			4,554	4,323	4,554	4,323	5.3
Housing authority			82,591	65,038	82,591	65,038	27.0
Major risk medical insurance			1,744	931	1,744	931	87.3
Sheriff law enforcement training center			1,578	1,106	1,578	1,106	42.7
Total expenses	1,188,547	1,103,544	453,641	413,368	1,642,188	1,516,912	8.3 %
Change in net assets before transfers	34,286	68,083	(13,023)	(19,460)	21,263	48,623	(56.3)
Gain (loss) on sale of capital assets			(564)		(564)		
Transfers	(22,306)	(11,063)	22,306	11,063			
Change in net assets	11,980	57,020	8,719	(8,397)	20,699	48,623	(57.4)
Net assets, beginning of year	828,639	771,619	66,732	75,129	895,371	846,748	5.7
Net assets, end of year	$ 840,619	828,639	75,451	66,732	916,070	895,371	2.3 %

Analysis of the Changes in Net Assets

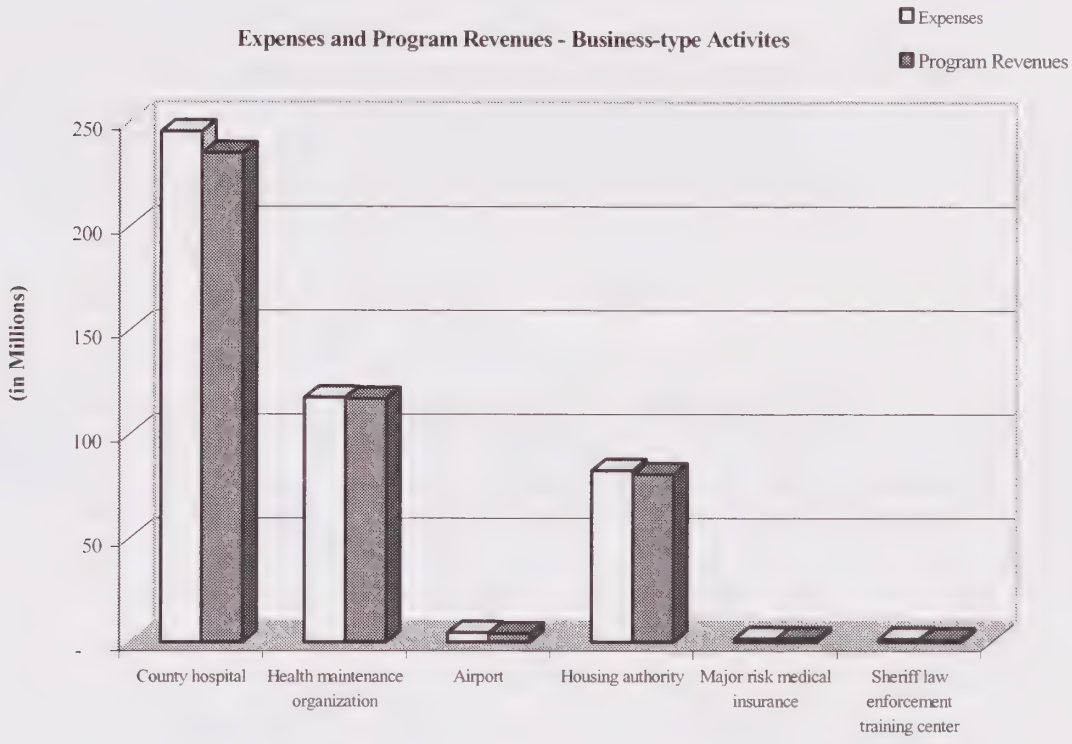
The County's net assets increased $20,699,000 during fiscal year 2002-2003. Governmental activities increased net assets by $11,980,000 and business-type activities increased net assets by $8,719,000. The changes are explained below in the governmental activities and business-type activities discussions.

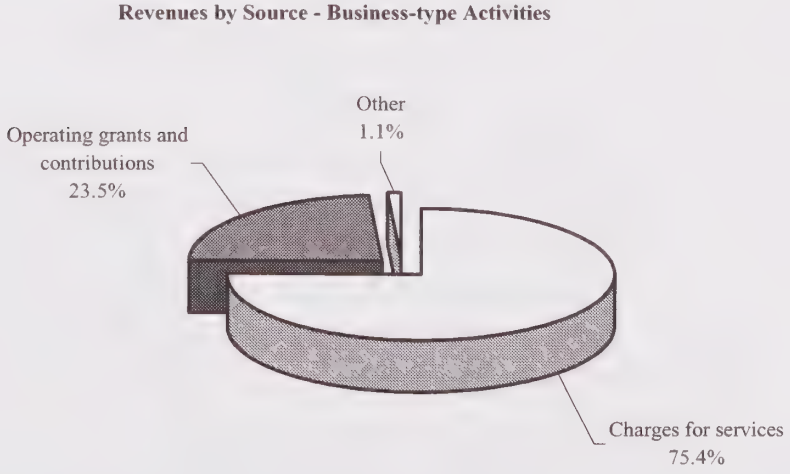




Governmental activities increased the County's net assets by $11,980,000.

- Property taxes increased as a result of an 8.0 percent increase in assessed valuation. This was due to strength in the real estate market and construction activity in a period of historically low interest rates.





Business-type activities, including net transfers from governmental activities to business-type activities of $22,306,000, increased the County's net assets by $8,719,000. Program expenses exceeded revenues in the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Major Risk Medical Insurance and Sheriff Law Enforcement Training Center.

- The cost of medical services and supplies exceeded the increases in funding sources for the costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the activities of the County's funds for fiscal year 2002-2003 as reported in the fund-basis statements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General, special revenue, debt service, capital projects and permanent funds.

As of June 30, 2003, the County's governmental funds reported combined ending fund balances of $454,085,000, a decrease of $14,181,000 in comparison with the prior year. Approximately $362,531,000, or 79.8 percent of these fund balances, constitutes unreserved fund balances, which are available for spending at the County's discretion. The remainder of these fund balances is reserved to indicate that it is not available for new spending because it has already been committed: (1) for encumbrances - to liquidate remaining contracts and purchase orders $43,247,000, (2) to reflect advances to other funds and inventories $8,649,000, (3) for payment of debt service $34,241,000, or (4) for miscellaneous other restricted purposes $5,417,000.

The General Fund is the primary operating fund of the County. At June 30, 2003, unreserved fund balance of the General Fund was $97,525,000, a decrease of $18,133,000 in comparison to the prior year, while total fund balance was $138,569,000, a decrease of $30,833,000 in comparison to the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.0 percent of total General Fund expenditures, while total fund balance represents 14.2 percent. For the prior year, these figures were 12.5 percent and 18.3 percent, respectively.

General Fund revenues increased $15,449,000 and expenditures increased $51,573,000 in comparison to the prior year. Taxes and charges for services revenues were up primarily due to the home sales, construction and remodel activities in the low interest rate environment. However, public protection, health and sanitation and public assistance expenditures were also up, primarily due to the otherwise still challenging economic environment.

Proprietary Funds

As mentioned earlier, the County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets at June 30, 2003, were $22,371,000 for the County Hospital Enterprise Fund, $9,246,000 for the Health Maintenance Organization Enterprise Fund and $46,317,000 for the other nonmajor enterprise funds. As a result of operations during the year, net assets of the County Hospital Enterprise Fund increased by $1,513,000, net assets of the Health Maintenance Organization Enterprise Fund increased by $3,788,000 and the net assets of the other nonmajor enterprise funds decreased by $2,294,000.

Net assets of the internal service funds were a deficit of $24,487,000. As a result of operations during the year, net assets of the Workers' Compensation Insurance County General Internal Service Fund decreased by $17,687,000, the net assets of the Workers' Compensation Insurance Fire Protection Internal Service Fund decreased by $4,401,000 and the net assets of the other internal service funds increased by $9,431,000. The County accelerated its Workers' Compensation claim processing to reduce the future effects of rising medical treatment costs, but this resulted in the actuary further increasing the reserve for benefits and claim expense. See Note 3 in the notes to the basic financial statements for further information.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. Total budgeted revenues were increased $88,012,000 or 9.3 percent, in the final budget. Actual revenues were less than final budgeted revenues by $32,693,000, or 3.2 percent. Total budgeted expenditures were increased $88,731,000 or 8.7 percent, in the final budget. Actual expenditures were less than final budgeted expenditures by $133,550,000, or 12.0 percent. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Revenue Variances

- Budgeted intergovernmental and other revenues were increased to re-budget for construction projects not completed in the prior year and grant increases for family income maintenance.
- Budgeted charges for services were increased during the year primarily due to higher than expected realized revenue from mental health services, building maintenance charges and trial court funding.

Expenditure Appropriation Variances

- The Final Budget for General Government - Building Maintenance was increased to reflect that the department could not transfer some of its anticipated expenditures to other departments as those departments were reducing their costs.
- The Final Budget for General Government - Plant Acquisition included re-appropriation for projects not completed in the prior year and additional appropriations for building and improvement projects that were funded during the current year.
- The Final Budget for Health and Sanitation – Medical Disproportionate Share as determined by the State was higher than expected.

- The Final Budget for Public Assistance - Employment and Human Services Department (EHSD) Child and Family Services was increased due to additional spending requirements for foster care and adoption programs.

Final Budget vs. Actual Amounts

Revenue Variances

- Property tax revenue was higher than expected because of higher assessed values due to continued home sales and construction activities in the low interest rate environment.
- Intergovernmental revenues were less than budgeted because the budgeted revenues included full funding of capital projects and these projects were not completed during the year. Also, State reimbursements to the Employment and Human Services Department were less than expected.
- Other revenue was less than budgeted because some County construction projects were not completed during the year as planned. The related funding for other construction costs from other County funds and external sources was not realized.

Expenditure Variances

- The Final Budget for General Government - Employee Benefits included appropriations for retiree health insurance that were charged to the individual departments.
- The Final Budget for General Government - Plant Acquisition included appropriations for various building improvement and construction projects that were not completed during the year.
- The Final Budget for Public Ways and Facilities - Public Works included appropriations for the design, construction and maintenance of County roads that were not completed during the year.
- The Final Budget for Public Ways and Facilities - Road Construction included appropriations for construction of the State Route 4 Bypass project that was not completed during the year.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

COUNTY'S CHANGES IN CAPITAL ASSETS
(Net of Depreciation)
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2003	2002	2003	2002	2003	2002	Percent Change
Infrastructure	$ 248,399	239,221			248,399	239,221	3.8 %
Land	62,016	60,108	10,461	10,464	72,477	70,572	2.7
Structures and improvements	232,032	238,772	127,489	130,564	359,521	369,336	(2.7)
Equipment	45,866	42,379	12,759	13,967	58,625	56,346	4.0
Construction in progress	83,366	53,502	41,666	36,539	125,032	90,041	38.9
Total	$ 671,679	633,982	192,375	191,534	864,054	825,516	4.7 %

The County's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounted to $864,054,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, drainage systems, and bridges. The total increase in the County's investment in capital assets for fiscal year 2002-2003 was 4.7 percent (a 5.9 percent increase for governmental activities and a 0.4 percent increase for business-type activities).

Major capital asset events during fiscal year 2002-2003 included the following:

- Construction in progress on a 242-bed expansion of Juvenile Hall amounted to $12,468,000 for the year.
- Construction in progress on hospital ambulatory care clinics amounted to $9,778,000 for the year.
- Construction in progress on two new buildings for the Animal Services Department amounted to $5,780,000 for the year.
- Construction in progress on a new five-courtroom Family Law Center amounted to $5,611,000 for the year.
- Construction in process on various Headstart facilities amounted to $4,381,000 for the year.

At June 30, 2003, the County had construction commitments totaling $13,116,000 as described in Note 19.E in the notes to the basic financial statements. Additional information on the County's capital assets can be found in Note 7 in the notes to the basic financial statements

Long-Term Debt

Long-term debt for the governmental and business-type activities are presented below to illustrate changes from the prior year:

COUNTY'S OUTSTANDING DEBT
Capital Lease Obligations, Certificates of Participation, Pension Obligation Bonds, Notes Payable, Other Bonds Payable, Lease Revenue Bonds, Tax Allocation Bonds and Special Assessment Debt
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2003	2002	2003	2002	2003	2002	Percent Change
Capital lease obligations	$ 15,330	16,238	3,555	2,146	18,885	18,384	2.7 %
Certificates of participation	31,700	58,665	128,980	132,550	160,680	191,215	(16.0)
Pension obligation bonds	587,220	281,425			587,220	281,425	108.7
Notes payable			562	984	562	984	(42.9)
Other bonds payable	7,140	8,055			7,140	8,055	(11.4)
Lease revenue bonds	130,960	111,420	31,050	31,760	162,010	143,180	13.2
Tax allocation bonds	53,580	54,525			53,580	54,525	(1.7)
Special assessment debt	17,222	18,589			17,222	18,589	(7.4)
Total	$ 843,152	548,917	164,147	167,440	1,007,299	716,357	40.6 %

At June 30, 2003, the County had total long-term debt outstanding of $1,007,299,000. The County's legal debt limit was $5,046,285,000. The County's total debt increased by $290,942,000 or 40.6 percent, during fiscal year 2002-2003.

In May 2003, the County issued $322,710,000 in pension obligation bonds to extinguish its entire UAAL as of December 31, 2001.

In September 2002, the County of Contra Costa Public Financing Authority issued $25,440,000 in lease revenue bonds to finance various capital projects of the County and to defease the remaining debt reported in the Public Facilities Corporation Debt Service Fund. For additional information see Note 11 in the notes to the basic financial statements.

The County's credit ratings for the 2003 pension obligation bonds and lease revenue bonds were AAA by Standard & Poors and Aaa by Moody's Investors Service.

Additional information of the County's long-term debt can be found in Note 11 in the notes to the basic financial statements.

KNOWN FACTS, DECISIONS AND CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATIONS

- The State continued to suffer from the economic slowdown and the threat of terrorist activities. The State's budget deficit is projected to be $10 billion in fiscal year 2003-2004 and $12 billion to $14 billion in fiscal

year 2004-2005. This is expected to lead to a significant, but undetermined, reduction of County revenue. The County receives approximately 20 percent of its revenues from taxes and a significant portion of the remainder is provided by the State.

- To attract and maintain a high quality workforce the County must provide salaries and benefits competitive with other potential employers such as the State, other governmental entities and the private sector. In recognition of this fact, in 2002 the Board of Supervisors and most of the employee organizations agreed to extend their current labor agreements another three years, with new cost-of-living adjustments and an enhanced retirement benefit. The cost-of-living adjustments ranged from five to six percent for the first year and from three to five percent for each of the second and third years covered by the agreement. The new retirement benefit is commonly known as "3 percent at 50" (for safety members) and "2 percent at 55" (for general members). A further explanation of the retirement benefit can be found in Note 15 in the notes to the basic financial statements.

- As a result of the settlement in a lawsuit affecting retirement benefits and the enhanced benefits noted above, the unfunded actuarial accrued liability (UAAL) for the County is estimated to be $202,000,000 as of December 31, 2002. In addition, significant retirement investment losses attributable to the County had not been recognized as of June 30, 2003. These factors will result in higher costs to the County in future years.

- General Fund subsidies to the County Hospital and Health Maintenance Organization increased $10,547,000 from the prior year to $41,937,000 and $4,822,000, respectively. State budget cuts are expected and costs continue to rise more rapidly than revenue. Even with cost containment efforts in place, similar subsidies are expected to recur in fiscal year 2003-2004.

- All of these factors were considered in preparing the County's budget for fiscal year 2003-2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller, 625 Court Street, Room 103, Martinez, CA 94553-1282.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

STATEMENT OF NET ASSETS

JUNE 30, 2003

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	FIRST 5 Contra Costa Children and Families Commission
Assets:				
Cash and investments	$ 489,213	93,865	583,078	42,982
Receivables (net)	135,981	24,395	160,376	2,188
Inventories	1,927	934	2,861	
Internal balances	4,998	(4,998)		
Due from fiduciary funds	14,286	651	14,937	
Due from component unit	1,938		1,938	
Notes receivable	39,226	3,613	42,839	
Prepaid items and deposits	4,025	3,949	7,974	
Land held for resale	1,378		1,378	
Prepaid pension asset	579,823		579,823	
Restricted cash and investments	56,669	11,355	68,024	
Capital assets:				
Nondepreciable	145,382	52,127	197,509	
Depreciable, net	526,297	140,248	666,545	
Total Assets	2,001,143	326,139	2,327,282	45,170
Liabilities:				
Short term notes payable	55,000		55,000	
Accounts payable and accrued liabilities	79,957	49,546	129,503	210
Accrued interest payable	5,279	1,332	6,611	
Due to primary government				1,938
Welfare program advances	4,896		4,896	
Deferred revenue	36,832	34,839	71,671	1,316
Long-term liabilities:				
Due within one year	56,988	6,380	63,368	
Due in more than one year	921,572	158,591	1,080,163	
Total Liabilities	1,160,524	250,688	1,411,212	3,464
Net Assets:				
Invested in capital assets, net of related debt	415,444	41,987	457,431	
Restricted for:				
Legally segregated taxes, grants and fees	244,951		244,951	
Debt service	17,099	10,535	27,634	
Permanent Fund:				
Expendable	275		275	
Nonexpendable	1,729		1,729	
Children's programs				34,005
Unrestricted	161,121	22,929	184,050	7,701
Total Net Assets	$ 840,619	75,451	916,070	41,706

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

Function/Program Activities:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 91,367	71,976	19,378	
Public protection	403,297	117,342	122,134	53
Health and sanitation	209,772	60,587	82,260	
Public assistance	372,499	2,121	307,544	
Education	18,822	687	3,019	
Public ways and facilities	58,886	24,643	4,307	12,279
Recreation and culture	875	19	42	
Interest on debt	33,029			
Total Governmental Activities	1,188,547	277,375	538,684	12,332
Business-type activities:				
County hospital	245,497	209,779	20,840	4,595
Health maintenance organization	117,677	113,298	3,834	
Airport	4,554	2,957	978	
Housing authority	82,591	3,466	77,227	
Major risk medical insurance	1,744	1,662		
Sheriff law enforcement training center	1,578	587	468	
Total Business-type Activities	453,641	331,749	103,347	4,595
Total Primary Government	$ 1,642,188	609,124	642,031	16,927
Component Unit:				
FIRST 5 Contra Costa Children and Families Commission	$ 9,907		12,100	
GENERAL REVENUES:				
Taxes:				
Property				
Sales				
Other				
Grants/contributions not restricted				
Investment earnings				
Gain (loss) on sale of capital assets				
Other				
TRANSFERS				
Total general revenues and transfers				
Change in net assets				
NET ASSETS, BEGINNING OF YEAR				
Adjustments to beginning net assets				
NET ASSETS, BEGINNING OF YEAR, AS RESTATED				
NET ASSETS, END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Assets			Component Unit
Governmental Activities	Business-type Activities	Total	FIRST 5 Contra Costa Children and Families Commission
(13)		(13)	
(163,768)		(163,768)	
(66,925)		(66,925)	
(62,834)		(62,834)	
(15,116)		(15,116)	
(17,657)		(17,657)	
(814)		(814)	
(33,029)		(33,029)	
(360,156)		(360,156)	
	(10,283)	(10,283)	
	(545)	(545)	
	(619)	(619)	
	(1,898)	(1,898)	
	(82)	(82)	
	(523)	(523)	
	(13,950)	(13,950)	
(360,156)	(13,950)	(374,106)	
			2,193
$			
227,113		227,113	
10,966		10,966	
18,841		18,841	
83,035		83,035	
18,347	376	18,723	571
	(564)	(564)	
36,140	551	36,691	2
(22,306)	22,306		
372,136	22,669	394,805	573
11,980	8,719	20,699	2,766
828,639	66,732	895,371	40,523
			(1,583)
828,639	66,732	895,371	38,940
$ 840,619	75,451	916,070	41,706

COUNTY OF CONTRA COSTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003
(In Thousands)

	General	Nonmajor	Total
Assets:			
Cash and investments	$ 79,286	333,776	413,062
Accounts receivable and accrued revenue (net)	115,940	17,751	133,691
Inventories	1,927		1,927
Due from other funds	56,439	24,075	80,514
Due from component unit	1,938		1,938
Advances to other funds	138	5,972	6,110
Notes receivable	31,584	7,642	39,226
Prepaid items and deposits	2,252	964	3,216
Land held for resale		1,378	1,378
Restricted assets:			
Restricted cash and investments	56,669		56,669
Total Assets	$ 346,173	391,558	737,731
Liabilities and Fund Balances			
Liabilities:			
Short term notes payable	$ 55,000		55,000
Accounts payable and accrued liabilities	63,018	16,939	79,957
Due to other funds	34,100	26,088	60,188
Welfare program advances	4,895	1	4,896
Advances from other funds		6,110	6,110
Deferred revenue	50,591	26,904	77,495
Total Liabilities	207,604	76,042	283,646
Fund Balances:			
Reserved for:			
Encumbrances	36,500	6,747	43,247
Inventories	1,927		1,927
Advances to other funds	732	5,990	6,722
Prepaid items and deposits	1,885	964	2,849
Land held for resale		1,378	1,378
Child care facilities program		552	552
Housing projects		(1,091)	(1,091)
Debt service		34,241	34,241
Nonexpendable permanent funds		1,729	1,729
Unreserved, reported in:			
General fund	97,525		97,525
Special revenue funds		205,174	205,174
Debt service funds		17,609	17,609
Capital projects funds		41,948	41,948
Permanent fund		275	275
Total Fund Balances	138,569	315,516	454,085
Total Liabilities and Fund Balances	$ 346,173	391,558	737,731

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2003
(In Thousands)

Fund balances - total governmental funds (page 20)		$ 454,085
Amounts reported for governmental activities in the statement of net assets are different because:		
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		579,823
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		671,679
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds.		1,437
Notes receivable are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds.		39,226
Internal service funds are used by management to charge the costs of self insurance to individual funds. The assets and liabilities of these funds, except for the medical liability insurance fund, are included as governmental activities in the statement of net assets.		(22,004)
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(5,279)
Costs of issuance on lease revenue bonds are not recognized as current expenditures and are deferred.	$ 852	
Current year amortization of costs of issuance on lease revenue bonds.	(42)	810
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificates of participation	(31,700)	
Lease revenue bonds	(130,960)	
Premium on lease revenue bonds	(303)	
Tax allocation bonds	(53,580)	
Special assessment bonds	(17,222)	
Other bonds payable	(7,140)	
Pension obligation bonds	(587,220)	
Capital lease obligations	(15,330)	
Compensated absences	(35,703)	(879,158)
Net assets of governmental activities (page 17)		$ 840,619

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	General	Nonmajor	Total
Revenues:			
Taxes	$ 211,866	131,455	343,321
Licenses, permits and franchise fees	13,614	24,134	37,748
Fines, forfeitures and penalties	14,007	4,226	18,233
Use of money and property	7,312	8,842	16,154
Intergovernmental	505,878	41,773	547,651
Charges for services	173,062	46,832	219,894
Other revenue	75,776	49,314	125,090
Total Revenues	1,001,515	306,576	1,308,091
Expenditures:			
Current:			
General government	133,565	1,632	135,197
Public protection	284,683	141,979	426,662
Health and sanitation	193,337	7,803	201,140
Public assistance	326,917	56,443	383,360
Education	257	18,157	18,414
Public ways and facilities	34,733	44,386	79,119
Recreation and culture		716	716
Debt service:			
Principal		50,533	50,533
Bond issuance cost		441	441
Payment to refunded bond escrow agent		3,272	3,272
Interest	1,145	30,507	31,652
Capital outlay	2,620	10	2,630
Total Expenditures	977,257	355,879	1,333,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,258	(49,303)	(25,045)
Other Financing Sources (Uses):			
Transfers in	26,017	67,214	93,231
Transfers out	(84,735)	(30,802)	(115,537)
Proceeds from the sale of real estate		500	500
Proceeds from issuance of debt		348,467	348,467
Payment to CCCERA		(319,095)	(319,095)
Payment to refunded bond escrow agent		(329)	(329)
Capital lease financing	3,627		3,627
Total Other Financing Sources (Uses)	(55,091)	65,955	10,864
Net Change in Fund Balances	(30,833)	16,652	(14,181)
Fund Balances at Beginning of Year	169,402	298,864	468,266
Fund Balances at End of Year	$ 138,569	315,516	454,085

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

Net change in fund balances - total governmental funds (page 22)			$ (14,181)
Amounts reported for governmental activities in the statement of activities are different because:			
Revenues that were deferred in the governmental funds because they were unavailable are reported as current revenue.			2,201
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Expenditures for capital assets	$	76,252	
Less loss on sale/retirement of capital assets		(3,271)	
Less depreciation adjustment		(3,342)	
Less current year depreciation		(34,795)	34,844
Some income reported in the governmental funds was previously reported in the statement of activities and therefore is not reported as current income.			(3,156)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			
Proceeds from pension obligation bonds		(322,710)	
Payment to retirement trustee		319,095	
Proceeds from lease revenue bonds		(25,440)	
Premium from lease revenue bonds		(317)	
Funds released by COP defeasance		(69)	
Payment to refunded bond escrow agent - lease revenue bonds		3,601	
Deferral of bond issuance cost		124	
Principal payments		60,341	
Lease purchase advance		(1,007)	
Issuance of capital lease		(2,621)	30,997
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in long-term compensated absences		(942)	
Amortization of pension asset		(17,995)	
Amortization of bond issuance cost		(42)	
Amortization of premium		14	
Change in accrued interest payable		(1,390)	(20,355)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.			(18,370)
Change in net assets of governmental activities (page 19)			$ 11,980

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2003

(In Thousands)

	Enterprise Funds				
	County Hospital	Health Maintenance Organization	Nonmajor	Total	Internal Service
Assets:					
Current assets:					
Cash and investments	$ 54,103	29,151	6,444	89,698	80,317
Accounts receivable and accrued revenue (net)	19,227	2,642	2,526	24,395	2,290
Inventories	928		6	934	
Due from other funds	13,406	11,298	62	24,766	733
Notes receivable			3,613	3,613	
Prepaid items and deposits	3,545	185	219	3,949	
Total Current Assets	91,209	43,276	12,870	147,355	83,340
Noncurrent Assets:					
Restricted cash and investments	11,355			11,355	
Capital assets:					
Nondepreciable	40,220		11,907	52,127	
Depreciable, net	108,941	81	31,226	140,248	
Total Noncurrent Assets	160,516	81	43,133	203,730	
Total Assets	251,725	43,357	56,003	351,085	83,340
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	22,847	24,570	2,129	49,546	
Accrued interest payable	1,308		24	1,332	
Due to other funds	17,871	9,219	1,963	29,053	1,835
Deferred revenue	32,249		2,590	34,839	
Current portion of long-term liabilities	4,658	32	703	5,393	23,010
Total Current Liabilities	78,933	33,821	7,409	120,163	24,845
Noncurrent portion of long-term liabilities:					
Capital lease obligations	1,412		1,605	3,017	
Certificates of participation, net	112,319			112,319	
Compensated absences	6,311	290	141	6,742	
Claims payable					82,982
Bonds and notes payable, net	30,379		531	30,910	
Total Noncurrent Liabilities	150,421	290	2,277	152,988	82,982
Total Liabilities	229,354	34,111	9,686	273,151	107,827
Net Assets (Deficit):					
Invested in capital assets, net of related debt	1,093	81	40,813	41,987	
Restricted for debt service	10,535			10,535	
Reserve for prepaid items and deposits			194	194	
Unrestricted (Deficit)	10,743	9,165	5,310	25,218	(24,487)
Total Net Assets (Deficit)	$ 22,371	9,246	46,317	77,934	(24,487)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(2,483)	
Net assets of business-type activities (page 17)				$ 75,451	

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2003

(In Thousands)

	Enterprise Funds				
	County Hospital	Health Maintenance Organization	Nonmajor	Total	Internal Service
Operating Revenues:					
Charges for services	$ 209,779	113,298	8,672	331,749	38,248
Other revenue			551	551	807
Total Operating Revenues	209,779	113,298	9,223	332,300	39,055
Operating Expenses:					
Salaries and employee benefits	154,858	7,294	2,324	164,476	
Services and supplies	68,415	110,566	2,912	181,893	6,496
Benefit and claim expense					51,407
Other charges	8,790		80,039	88,829	
Depreciation	6,505	13	5,009	11,527	
Total Operating Expenses	238,568	117,873	90,284	446,725	57,903
Operating loss	(28,789)	(4,575)	(81,061)	(114,425)	(18,848)
Nonoperating Revenues (Expenses):					
State and federal grants	20,840	3,834	78,673	103,347	
Investment income			376	376	2,191
Interest expense	(8,416)		(212)	(8,628)	
Gain/(Loss) on disposal of fixed assets	(565)		1	(564)	
Total Nonoperating Revenues (Expenses)	11,859	3,834	78,838	94,531	2,191
Loss before Capital Contributions and Transfers	(16,930)	(741)	(2,223)	(19,894)	(16,657)
Capital contributions	4,595			4,595	
Transfers in	41,937	4,822		46,759	4,000
Transfers out	(28,089)	(293)	(71)	(28,453)	
Change in Net Assets	1,513	3,788	(2,294)	3,007	(12,657)
Total Net Assets at Beginning of the Year	20,858	5,458	48,611	74,927	(11,830)
Total Net Assets at End of Year	$ 22,371	9,246	46,317	77,934	(24,487)

Reconciliation of enterprise funds change in net assets to statement of activities:

Change in net assets of enterprise funds.	$ 3,007
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	5,712
Change in net assets of business-type activities (page 19)	$ 8,719

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Enterprise Funds				
	County Hospital	Health Maintenance Organization	Nonmajor	Total	Internal Service
Cash Flows from Operating Activities:					
Cash received from customers/other funds	$ 232,417	104,075	4,831	341,323	39,595
Cash payment to suppliers for goods and services	(84,360)	(97,872)	(83,275)	(265,507)	(46,334)
Cash payment to employees for services	(152,200)	(7,175)	(2,258)	(161,633)	
Net Cash Provided by (Used for) Operating Activities	(4,143)	(972)	(80,702)	(85,817)	(6,739)
Cash Flows from Noncapital Financing Activities:					
State and federal grants	20,840	3,834	78,673	103,347	
Transfers received	41,937	4,822		46,759	4,000
Transfers paid	(28,089)	(293)	(71)	(28,453)	
Due to other funds			540	540	
Net Cash Provided by Noncapital Financing Activities	34,688	8,363	79,142	122,193	4,000
Cash Flows from Capital and Related Financing Activities:					
Proceeds from long term borrowings	1,613		396	2,009	
Capital contributions	4,595			4,595	
Acquisition and construction of capital assets	(9,035)		(3,295)	(12,330)	
Interest paid	(8,402)		(170)	(8,572)	
Lease purchase obligation principal payment			(600)	(600)	
Principal paid on bonds and certificates	(3,570)			(3,570)	
Payment on other noncurrent obligations	(709)		(422)	(1,131)	
Net Cash Used for Capital and Related Financing Activities	(15,508)		(4,091)	(19,599)	
Cash Flows from Investing Activities:					
Interest received on investments			376	376	2,191
Accrued interest receivable			(6)	(6)	
Investments, net			(1)	(1)	
Note receivable - investment			(2,000)	(2,000)	
Net Cash Used for Investing Activities			(1,631)	(1,631)	2,191
Net Increase (Decrease) in Cash and Cash Equivalents	15,037	7,391	(7,282)	15,146	(548)
Cash and Cash Equivalents at Beginning of Year	50,421	21,760	13,726	85,907	80,865
Cash and Cash Equivalents at End of Year	$ 65,458	29,151	6,444	101,053	80,317
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:					
Operating loss	$ (28,789)	(4,575)	(81,061)	(114,425)	(18,848)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	6,505	13	5,009	11,527	
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Accounts receivable and accrued revenue, net	22,016	(1,741)	652	20,927	(475)
Inventories	230		3	233	
Due from other funds	(2,275)	(7,482)	35	(9,722)	1,015
Prepaid items and deposits	44	(27)	(28)	(11)	
Notes receivable			46	46	
Increase (decrease) in:					
Accounts payable and accrued liabilities	(2,950)	9,264	(303)	6,011	10,937
Employee benefits payable	690	47	21	758	
Due to other funds	(2,511)	3,529	30	1,048	632
Deferred revenue	2,897		(5,116)	(2,219)	
Tenants deposit			(9)	(9)	
Compensated absence			19	19	
Net Cash Provided by (Used for) Operating Activities	$ (4,143)	(972)	(80,702)	(85,817)	(6,739)
Noncash capital financing activities					
Accrued interest	$ 14		24	38	
Debt amortization	703		18	721	

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2003

(In Thousands)

	Pension Trust*	Investment Trust	Private-Purpose Trust	Agency
Assets:				
Cash and investments	$ 2,546,216	1,113,568	10,680	$ 127,289
Cash collateral - securities lending	97,146			
Receivables	35,954		139	34,289
Due from other funds	2,126	2,134	3	21,740
Taxes receivables				142,023
Prepaid items and deposits	463			35
Capital assets, net	516			
Total Assets	2,682,421	1,115,702	10,822	$ 325,376
Liabilities:				
Warrants outstanding		51,201		36,499
Accounts payable and accrued liabilities	219,426		227	67,819
Employee benefits payable	312			
Due to other funds		6,713	5	45,479
Deferred revenue			31	
Security lending	97,146			
Unapportioned taxes				78,984
Tax loss guarantees				30,347
Due to other agencies				66,248
Total Liabilities	316,884	57,914	263	$ 325,376
Net Assets:				
Held for:				
Employees' pension benefits	2,365,537			
Participation in individually directed investment accounts		1,057,788	10,559	
Total Net Assets	$ 2,365,537	1,057,788	10,559	

* Pension Trust Fund reported as of December 31, 2002.

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Pension Trust*	Investment Trust	Private-Purpose Trust
Additions:			
Employer contributions	$ 57,474		
Employee contributions	26,606		
Contributions to investment accounts		2,905,658	
Intergovernmental			506
Other revenue			3,245
Net investment income (loss)	(257,051)	4,826	254
Investment expense	(10,930)		
Total Additions	(183,901)	2,910,484	4,005
Deductions:			
Benefits paid	144,734		
Refunds of contributions	643		
Distribution from investment accounts		2,629,946	
Administrative and other expenses	4,299		1,180
Prepayment discount	2,481		
Other	61		1,304
Total Deductions	152,218	2,629,946	2,484
Change in Net Assets	(336,119)	280,538	1,521
Net Assets Held In Trust at Beginning of Year, as Previously Reported	2,704,729	777,250	9,038
Prior period adjustment (Note 2)	(3,073)		
Net Assets Held In Trust at Beginning of Year, as Restated	2,701,656	777,250	9,038
Net Assets Held In Trust at End of Year	$ 2,365,537	1,057,788	10,559

*Pension Trust Fund reported for Year Ended December 31, 2002.

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Contra Costa (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

A. Definition of Reporting Entity

The County is a political subdivision created by the State of California. As such, it can exercise powers specified by the Constitution and statutes of the State. The County is governed by a five member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board.

Blended Component Units

Housing Authority of the County of Contra Costa

The Housing Authority of the County of Contra Costa (Housing Authority) was established to provide housing for the County's low and moderate income residents. Its board members are the same as the County Board of Supervisors. The financial activities of the Housing Authority are reported as an Enterprise Fund. The fiscal year of the Housing Authority ends on March 31st and its financial activities are reported as of that date.

Contra Costa County Redevelopment Agency

The Contra Costa County Redevelopment Agency (RDA) was established for the purpose of redeveloping certain areas of the County designated as project areas. Its board members are the same as the County Board of Supervisors. The financial activities of the RDA are included in the special revenue, debt service and capital projects funds which are reported as nonmajor governmental funds.

Contra Costa County Public Facilities Corporation

The Contra Costa County Public Facilities Corporation (PFC) was established to provide financing for the acquisition, construction, improvement and remodeling of public buildings and facilities for the County. The County appoints a voting majority of the governing board and is able to impose its will on the Corporation. The activities of the Corporation are included in a debt service fund which is reported as part of the nonmajor governmental funds and in the County Hospital Enterprise Fund.

County of Contra Costa Public Financing Authority

The County of Contra Costa Public Financing Authority (PFA) is a joint powers authority consisting of the County and the RDA. The PFA was established to provide for the financing of public improvements, obligations, working capital and liability or other insurance programs of the County and the RDA. The members of the County Board of Supervisors also serve as the Directors of the PFA. The activities of the PFA are included in a debt service fund which is reported as part of the nonmajor governmental funds and in the County Hospital Enterprise Fund.

Contra Costa County Employees' Retirement Association

The Contra Costa County Employees' Retirement Association (CCCERA) was established to provide retirement benefits to employees of the County and other member agencies. The CCCERA provides a majority of its services for the benefit of the County and, therefore, is reported as a pension trust fund in the basic financial statements. The fiscal year of the CCCERA ends on December 31st and its financial activities are reported as of that date.

In-Home Supportive Services Public Authority

The Contra Costa County Board of Supervisors, pursuant to Welfare and Institutions Code Section 12301.6, established the In-Home Supportive Services Public Authority (IHSS). This Authority provides screening, training and referral of in-home supportive service providers and assists recipients in finding qualified persons to assist eligible individuals who are unable to care for themselves at home. The activities of the IHSS are included in a special revenue fund which is reported as part of the nonmajor governmental funds.

Special Districts and Service Areas

The County has 39 agencies referred to as County Special Districts and Service Areas. Each is established by the County for the purpose of providing specific services in a defined geographic area. Their board members are the same as the County Board of Supervisors. These agencies and the

Special Revenue Fund in which each is included are: Fire Protection – Contra Costa Fire Protection District, Crockett-Carquinez Fire Protection District; East Contra Costa Fire Protection District, Flood Control - Flood Control District, Storm Drainage District, Storm Drain Maintenance District No. 4 and Storm Drain District No. Z-16; Health and Sanitation - Sanitation Districts Nos. 5 and 6; Service Areas - Service Areas D-2, EMS-1, L-100, LIB-2, LIB-10, LIB-12, LIB-13, M-1, M-8, M-16, M-17, M-20, M-23, M-25, M-26, M-27, M-28, M-29, M30, R-4, R-7, R-9, R-10, RD-4 and Discovery Bay West Parking District; Law Enforcement - Service Areas P-1, P-2, P-5 and P-6; Other Special Revenue - Contra Costa County Water Agency. These special revenue funds are reported as nonmajor governmental funds.

Discretely Presented Component Unit

FIRST 5 Contra Costa Children and Families Commission

The FIRST 5 Contra Costa Children and Families Commission (formerly the Contra Costa Children and Families First Commission) was established to implement the provisions of Proposition 10, adopted by the voters in 1998. Proposition 10 added Division 108 (commencing with Section 130100) to the Health and Safety Code. It provides for a State tax on the sale of tobacco products and also provides that this revenue be spent for early childhood development programs by the Commission. The County Board of Supervisors appoints all nine members (and nine alternate members) of the Commission. Two members of the Board of Supervisors serve on the Commission. However, the Commission hires its own employees including an Executive Director and functions independent of the County. The Commission provides most of its services directly to the citizens of the County. The financial activity of the Commission is reported in separate columns on the government-wide financial statements.

Complete audited financial statements are issued separately for each of the individual component units listed below and may be obtained at the unit's administrative offices as follows:

Housing Authority of the County of Contra Costa
3133 Estudillo Street, Martinez, CA 94553

Contra Costa County Public Facilities Corporation
1220 Morello Ave., Suite 100, Martinez, CA 94553

County of Contra Costa Public Financing Authority
651 Pine Street, 6th Floor, Martinez, CA 94553

Contra Costa County Redevelopment Agency
651 Pine Street, 5th Floor North Wing, Martinez, CA 94553

Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221, Concord, CA 94520

FIRST 5 Contra Costa Children and Families Commission
1340 Arnold Drive, Suite 125, Martinez, CA 94553

B. New Accounting Pronouncements Implemented During the Year

GASB Technical Bulletin No. 2003-1 *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets* provides an updated definition of derivatives as well as disclosure requirements of the County's objective for entering into the derivative and the derivative's terms, fair value, and risk exposures.

C. Basis of Presentation

Government-wide Financial Statements

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* mandates the presentation of two basic government-wide financial statements, the *Statement of Net Assets* and the *Statement of Activities.* The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

The statement of net assets reports the County's financial and capital resources, including infrastructure, as well as the County's long-term obligations. The difference between the County's assets and liabilities is its net assets. Net assets represent the resources that the County has available for use in providing services after its debts are settled.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities and each segment of the business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, including fines and forfeitures, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, management has discretion as to which resources to apply. Generally, restricted resources are depleted before unrestricted. However, when prudent, unrestricted resources may be used first.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental,

proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the General Fund as a major governmental fund. The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. In addition to general administration, the General Fund includes such activities as public protection, health and sanitation, public assistance, education, and public ways and facilities.

The County reports the following major enterprise funds:

- The *County Hospital (the Hospital)* accounts for hospital operations involved in providing health services to County residents. Revenues are principally fees for patient services, payments from federal and State programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues and subsidies from the General Fund.

- The *Health Maintenance Organization* accounts for the operations of the County's prepaid health plan. Revenues are primarily capitation payments by Medicare and Medi-Cal, premiums by private citizens and realignment revenues.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's self-insurance programs – employee dental insurance, long-term disability, workers' compensation, automotive liability insurance, general liability insurance, state unemployment insurance, medical liability insurance and special district property insurance, on a cost-reimbursement basis.

- The *Pension Trust Fund* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the CCCERA.

- The *Investment Trust Fund* accounts for the assets of legally separate entities who make directed investments through the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Private-Purpose Trust Fund* accounts for assets held in trust for the City of Oakley related to its redevelopment project area, as well as assets held in trust for others.

- *Agency Funds* account for assets pending transfer or distribution to individuals, private organizations or other governmental entities held by the County in an agency capacity. Included in these funds are the Unapportioned Taxes Fund and the Tax Losses Reserve Fund. These two

funds provide controls necessary for the County to manage property taxes under the Teeter Plan (see section L of this note).

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County is giving (or receiving) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America for governmental units. The County has elected not to follow subsequent private-sector guidance of the Financial Accounting Standards Board after November 30, 1989.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes are accrued when their receipt occurs within sixty days after the end of the accounting period, all other revenues, the majority of which are from the State and federal government are accrued when their receipt occurs within one year after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are generally recorded when payment is due. However, where resources have been provided during the current year for payment of interest due early in the following year, the expenditure and related liability are accrued. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, their equity in the County Treasurer's internal pool, and cash restricted for repayment of debt or as reserves, to be cash equivalents.

F. Investments

Investment transactions are recorded on the trade date. Investments in non-participating interest-earning investment contracts (certificates of deposit and guaranteed investment contracts) are stated at cost, and all other investments are stated at fair value. Fair value is defined as the amount that the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

Under GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, the Pension Trust Fund reports its investments at fair value and includes both realized and unrealized gains and losses on investments in its statement of changes in net assets. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. All investment purchases and sales are recorded on the trade date.

The public school districts, cemetery districts, pest control districts, recreation and park districts and resource conservation districts within the County are required by legal provisions to maintain their cash and investments with the County Treasurer. The County Treasurer maintains individually directed investment accounts for these districts. The cash and investments held for these districts are included in the Investment Trust Fund.

G. Inventories

Inventories are valued at cost, which approximates market. Governmental fund inventories are maintained using the weighted average method. Proprietary fund inventories are maintained using the first-in, first-out method. The costs of governmental fund inventories and proprietary fund inventories are recorded as expenditures/expenses at the time individual items are consumed rather than when purchased. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that a portion of the fund balance is not available for future appropriation.

H. Notes Receivable

The notes receivable balances in the General Fund consist of loans made with funds provided to the County under the U.S. Department of Housing and Urban Development programs. The loans are made to carry out activities for affordable housing and economic development. Generally, the loans are either deferred or collected on a residual receipts basis with all remaining principal and interest

due on the earlier of the due date of the note or sale or transfer of property. Any repayment of principal or interest is treated as program income, the use of which is restricted by federal regulations. As such, these notes receivable are recorded with an offset to deferred revenue in the fund financial statements because the amounts are unavailable.

I. Prepaid Pension Asset

A Prepaid Pension Asset is created when an employer pays into a retirement plan amounts in excess of its Annual Required Contribution (ARC). The ARC is an actuarially calculated amount which is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). On March 1, 1994, the County made a payment of $333,724,000 to CCCERA from the proceeds of the issuance of pension obligation bonds to reduce the County's UAAL as calculated at that time. On May 1, 2003, the County made another payment of $319,095,000 to CCCERA from the proceeds of an additional issuance of pension obligation bonds to reduce the County's UAAL as recalculated, due primarily to the effect of the enhanced pension granted in 2002.

Each component of the Prepaid Pension Asset will be amortized over a fifteen year period. (See Note 15.)

J. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting systems, drainage systems, and flood control. The capitalization threshold for infrastructure is $25,000. The capitalization threshold for permanent structures is $5,000. The capitalization threshold for equipment and vehicles is $5,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the activities within the government-wide financial statements, proprietary funds and the pension trust fund.

The estimated useful lives are as follows:

Infrastructure	25-50 years
Buildings	25-40 years
Improvements	10-20 years
Equipment and vehicles	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Interest is capitalized on construction in progress in the proprietary funds in accordance with Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any allowable interest carried on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use.

K. Bond and Certificate of Participation Discounts, Issuance Costs and Deferred Amounts on Refundings

In governmental fund financial statements, bond and certificate of participation discounts, issuance costs and deferred amounts on refundings are recognized in the period incurred. In the government-wide and proprietary fund financial statements, these charges are deferred and amortized over the term of the issuance using the straight-line method, which approximates the effective interest method.

L. Property Tax Levy, Collection and Maximum Rates

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property situated in the County. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. State code requires tax rates to be set no later than the first workday in September unless the Board of Supervisors elects to extend the deadline to October 3rd. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (January 1st), and become delinquent if unpaid by August 31st.

Supplementary taxes that have been collected but unapportioned at year-end and unsecured taxes collected in advance are reported as unapportioned taxes in the Unapportioned Taxes Agency Fund. Secured property taxes are recorded as revenue in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4701 et al. of the State Revenue and Taxation Code (The Teeter Plan). This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1st of each year.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in the Tax Losses Reserve Agency Fund (TLRF). This reserve is used to offset the impact of accumulated delinquency remaining at year-end. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon transfer or to the extent of losses related to the sale of tax defaulted property. The County has the authority to transfer any amounts in the fund that exceed a legally defined threshold, which was $6,394,000 at June 30, 2003. The year-end balance in the TLRF was $30,347,000. Amounts in the

TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan.

M. Interfund Transactions

Interfund transactions are reflected as either loan, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

N. Compensated Absences and Sick Leave

Under terms of union contracts and various Board resolutions, County employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation hours. Employees are not reimbursed for accumulated sick leave except management employees who are eligible for a payoff of unused sick leave accruals at resignation. Management employees must have a balance of at least 70.0 percent of their sick leave accruals and have been employed three years or more to be eligible for this benefit. The maximum amount payable under this Sick Leave Incentive Plan is 50.0 percent of accrued sick leave, however, the amount of sick leave payable is considered de minimis. Accordingly, no accrual for sick leave has been made in the accompanying basic financial statements.

Compensated absences at June 30, 2003, are valued at $43,824,000, which includes $30,636,000 attributable to the General Fund, $5,067,000 attributable to the Special Revenue Funds, $7,809,000 recorded in Enterprise Funds and $312,000 recorded in the Pension Trust Fund. Amounts attributable to the General and Special Revenue Funds are expected to be claimed in future periods and paid with future resources from those funds. Accordingly, this liability is reflected in the government-wide statement of net assets. In the proprietary funds and the Pension Trust Fund, compensated absences are recorded as an expense and liability as the benefits accrue to employees. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

O. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. FUND EQUITY

A. Restatement of Fund Equity/Net Assets

Pension Trust Fund Adjustments

The Pension Trust Fund's beginning net assets were reduced by $3,073,000 as a result of the Paulson Lawsuit settlement (see Note 16).

Component Unit Adjustments

FIRST 5 Contra Costa Children & Families Commission had grant funds in the amount of $1,383,000 for Retention Incentives and $200,000 for the School Readiness Implementation Program that were received by the Commission prior to June 30, 2002.

Summary

The impact of the restatements on the fund balances/net assets at July 1, 2002 (January 1, 2002 for Pension Trust Fund) is presented below (in thousands):

	Pension Trust Fund	FIRST 5 Contra Costa Children & Families Commission
Fund balances/net assets, as previously reported	$ 2,704,729	$ 40,523
Pension Trust Fund adjustments:		
Paulson Lawsuit Settlement	(3,073)	
Other adjustments:		
FIRST 5 Contra Costa Children & Families Commission Component Unit		(1,583)
Fund balances/net assets, as restated	$ 2,701,656	$ 38,940

B. Reserve for Prepaid Items and Deposits

Reserves are less than total prepaid items and deposits because the General Fund advanced $367,000 to subgrantees who will use the funds for federal programs during fiscal year 2003-2004. As funds are spent, the federal government reimburses the County.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Net Assets

The Child Development Special Revenue Fund, which is reported as part of the nonmajor governmental funds, had a fund balance deficit of $79,000 at June 30, 2003. The deficit is the result of the increased cost of childcare services to State preschool programs. The County will apply for additional funding through rate increase adjustments pursuant to California Education Code Section 8265 (d) which allows rate increases to maintain service levels.

Three Internal Service Funds had net assets deficits at June 30, 2003. The Medical Liability Insurance Fund had a deficit of $2,483,000. The County provided $3,000,000 in fiscal year 2003-2004 to reduce the deficit and plans to further evaluate funding options. The Workers' Compensation Insurance Funds, County General and Fire Protection, had deficits of $36,008,000 and $5,084,000, respectively. These deficits in the workers' compensation trust funds are symptomatic of the problems experienced by other self-insured government agencies within the State of California. The increasing claims cost is a direct result of legislation awarding higher benefits on a multiyear basis. The County of Contra Costa will take action to increase premium charges to the departments to reflect current and future costs, continue with an aggressive loss control program and conduct further negotiations with represented labor groups.

The Sheriff Law Enforcement Training Center Enterprise Fund (Training Center), which is reported as a nonmajor enterprise fund, had a year-end deficit of $1,219,000. This deficit is the result of higher than expected capital and personnel start-up costs, insufficient marketing of the Training Center programs to outside agencies and cancellation of expected funding from Los Medanos College. The Training Center has taken steps to address the above issues and operate the programs in the most efficient manner. To eliminate the current deficit, the Sheriff's Office will transfer funding from its capital acquisition account in the General Fund to the Training Center Fund.

4. CASH AND INVESTMENTS

The cash balances of substantially all funds, except the Pension and Investment Trust Funds, are maintained in the County's internal pool and invested by the County Treasurer. Income from pooled investments is allocated to the funds based on average daily balances. As permitted by the Government Code, legally separate entities that are not part of this reporting entity also have individual investment accounts in the County Treasury. These accounts are separate from the pool and are reported in the Investment Trust Fund. Specific investments are acquired for these individual entities at their direction and the income from and changes in the value of those investments affect only the entity for which they were acquired. The Retirement Board directs the investment activity of the Pension Trust Fund.

Cash and investments at June 30, 2003 (December 31, 2002, for the Pension Trust Fund and March 31, 2003, for the Housing Authority), are reported as follows (in thousands):

		Deposits	Investments	Total
From the Statement of Net Assets				
Primary Government	Cash and investments	$ 4,197	578,881	583,078
	Restricted cash and investments		68,024	68,024
	Subtotal Primary Government	4,197	646,905	651,102
FIRST 5 Contra Costa Children and Families Commission	Cash and investments	4,374	38,608	42,982
From the Statement of Fiduciary Net Assets				
Pension Trust Fund	Cash and investments	15,897	2,530,319	2,546,216
	Cash collateral - securities lending		97,146	97,146
	Subtotal Pension Trust Fund	15,897	2,627,465	2,643,362
Investment Trust Fund	Cash and investments	64,385	1,049,183	1,113,568
Private-Purpose Trust Fund	Cash and investments	1,638	9,042	10,680
Agency Funds	Cash and investments		127,289	127,289
Total		$ 90,491	4,498,492	4,588,983

A. Deposits

Deposits include bank deposits at a carrying amount of $88,620,000. The balance reported by various financial institutions was $81,244,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $1,336,000 was covered by federal depository insurance and $79,908,000 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

According to Government Code Section 53601, bank obligations such as Certificates of Deposit are considered investments. However, in accordance with generally accepted accounting principles in the United States of America, the County has classified Certificates of Deposit in the amount of $1,871,000 as deposits. Of the Certificates of Deposit balance, $244,000 was insured and $1,627,000 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of $100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110.0 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150.0 percent of the secured public deposits. The collateral must be held at the

pledging bank's trust department or other bank, acting as the pledging bank's agent, in the public agency's name.

B. Investments

Statutes authorize the County to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, medium-term notes, negotiable certificates of deposit, mutual funds and investments in accordance with the statutory provisions governing the issuance of bonds.

Pension Trust Fund investments are authorized by the County Employees' Retirement Law of 1937. Statutes authorize a "prudent investor" guideline as to the form and types of investments, which may be purchased.

The County's investments (including the Investment Trust Fund) and those of the Pension Trust Fund are categorized separately on the following page to indicate the level of custodial credit risk assumed by each investment portfolio for their respective year-ends. Category 1 includes investments that are insured or registered, or securities held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the County's name or in the agent's nominee name with subsidiary records listing the County as the legal owner. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty or by its trust department or agent but not in the County's name. Investments not evidenced by securities that exist in physical or book form cannot be categorized.

The Local Investment Advisory Board (Board) has oversight responsibility for the State Treasurer's Local Agency Investment Fund (LAIF). The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the County's position in the pool.

Investments at fair value as of June 30, 2003 (December 31, 2002, for the Pension Trust Fund and March 31, 2003, for the Housing Authority), are shown as follows (in thousands):

	Category		
	1	2	Total
County (Including Investment Trust Fund)			
Categorized Investments:			
Negotiable certificates of deposit	$ 105,737		105,737
U.S. government securities	173,080	44,428	217,508
Commercial paper	223,989	6,500	230,489
Medium-term bonds	11,885	25,454	37,339
Local obligation bonds	2,137		2,137
Repurchase agreements		546,806	546,806
Total categorized investments	$ 516,828	623,188	1,140,016
Uncategorized Investments:			
State Treasurer's investment pool			571,636
Guaranteed investment contracts			40,764
Mutual funds			80,003
Total investments			1,832,419
Pension Trust Fund:			
Categorized Investments:			
Domestic stocks	$ 589,100		589,100
International stocks	24,992		24,992
Corporate & government bonds	813,043		813,043
International bonds	104,334		104,334
Repurchase agreements		2,761	2,761
Total categorized investments	$ 1,531,469	2,761	1,534,230
Uncategorized Investments:			
Domestic stocks			32,225
Domestic bonds			53,164
International stocks			3,500
International bonds			3,351
Mutual funds			589,212
Real estate			266,628
Private equity funds			32,521
Natural resource funds			15,488
Security lending collateral investment pool			97,146
Total investments			2,627,465
FIRST 5 Contra Costa Children and Families Commission			
U.S. government securities	$ 38,608		38,608
Total Investments			$ 4,498,492

C. Other Financial Instruments

In accordance with California statutes, the County may invest in a wide variety of investment instruments, including asset-backed securities, such as: collateralized mortgage obligations and principal-only strips and forward contracts.

The Treasurer holds principal-only strip instruments for the benefit of some County school districts. Those school districts utilize the services of an independent financial advisor in determining their investment strategy.

The CCCERA has investments with trustees who hold part of their portfolio in government and corporate obligations consisting of asset-backed securities, floating rate notes, constant maturity index Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations and LIBOR indexed ARMs.

As of June 30, 2003, the County's proportionate share of structured notes and asset-backed securities held by LAIF was $13,302,000 or 2.327 percent of the County's investment in LAIF. The disclosure statement for the portfolio holdings of the Local Agency Investment Fund (LAIF) can be viewed at URL http://www.treasurer.ca.gov.

The derivative information for the various mutual funds in which the County had investments is not available.

The investments discussed above, which are included in the accompanying financial statements, represent 6.0 percent of total investments. The Treasurer's investment policy was approved by the Board of Supervisors. In accordance with Government Code Sections 27130-27137, an investment oversight committee reviews the quarterly investment reports prepared by the Treasurer.

D. Securities Lending by the Employees' Retirement Association (Pension Trust Fund)

The CCCERA's investment policy permits the use of a securities lending program with its principal custodian bank. The CCCERA lends domestic and international bonds and equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. The custodian bank provides loss indemnification to the CCCERA if the borrower fails to return the securities.

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by the CCCERA without borrower default. Securities on loan must be collateralized at 102.0 percent and 105.0 percent of the fair value of domestic securities and non-domestic securities, respectively, plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of securities, which can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice

(a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral.

There were no losses associated with securities lending transactions during the year. At December 31, 2002, CCCERA has no credit risk exposure to borrowers. The fair value of investments on loan at December 31, 2002, is $93,750,000, which was collateralized by cash and securities in the amount of $98,711,000.

5. RECEIVABLES

Receivables at year-end of the County's major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (in thousands):

Receivables- Governmental Activities	General Fund	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Taxes	$ 2,769	1,415		4,184
Accounts	113,093	16,336	2,290	131,719
Advances	82			82
Gross Receivables	115,944	17,751	2,290	135,985
Less: Allowance for uncollectibles	(4)			(4)
Total Receivables (net)	$ 115,940	17,751	2,290	135,981

Receivables- Business-type Activities:	County Hospital	Health Maintenance Organization	Nonmajor Funds	Total Business-type Activities
Accounts	$ 176,937	2,642	2,526	182,105
Less: Allowance for uncollectibles	(157,710)			(157,710)
Total Receivables (net)	$ 19,227	2,642	2,526	24,395

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2003, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	Unavailable	Unearned
Governmental Activities:		
General Fund:		
Notes receivable	$ 31,584	
Advances not yet earned		7,740
Other receivables and advances		10,230
Resources received that do not yet meet the criteria for revenue recognition		1,037
Nonmajor Funds:		
Notes receivable (Redevelopment Agency)	1,793	
Notes receivable	5,849	
Other advances		87
Resources that do not yet meet the criteria for revenue recognition	1,437	17,738
Total Governmental Activities	$ 40,663	36,832
Business-type Activities:		
County Hospital Enterprise Fund:		
Resources received that do not yet meet the criteria for revenue recognition	$	32,249
Nonmajor Enterprise Funds:		
Resources received that do not yet meet the criteria for revenue recognition		2,590
Total Business-type Activities	$	34,839

6. INTERFUND TRANSACTIONS

Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2003, are as follows (in thousands):

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 21,579
	County Hospital Enterprise	3,939
	Health Maintenance Organization Enterprise	206
	Nonmajor Enterprise Funds	1,857
	Internal Service Funds	1,336
	Agency Funds	25,691
	Investment Trust Fund	1,826
	Private-Purpose Trust Fund	5
		56,439
Nonmajor Governmental Funds	General Fund	17,403
	Nonmajor Governmental Funds	1,696
	County Hospital Enterprise	3,128
	Health Maintenance Organization Enterprise	113
	Nonmajor Enterprise Funds	65
	Internal Service Funds	326
	Agency Funds	1,344
		24,075
County Hospital Enterprise	General Fund	3,361
	Nonmajor Governmental Funds	719
	Health Maintenance Organization Enterprise	8,829
	Internal Service Funds	156
	Agency Funds	281
	Investment Trust Fund	60
		13,406
Health Maintenance Organization Enterprise	General Fund	72
	Nonmajor Governmental Funds	3
	County Hospital Enterprise	8,921
	Nonmajor Enterprise Funds	6
	Internal Service Funds	1
	Agency Funds	2,295
		11,298
Nonmajor Enterprise Funds	General Fund	60
	County Hospital Enterprise	1
	Agency Funds	1
		62
Internal Service Funds	Internal Service Funds	3
	General Fund	53
	County Hospital Enterprise	2
	Agency Funds	675
		733

(continued)

Investment Trust Fund	General Fund	$ 1,214
	Agency Funds	920
		2,134
Private-Purpose Trust Fund	General Fund	2
	Agency Funds	1
		3
Agency Funds	Agency Funds	12,006
	General Fund	3,408
	Nonmajor Governmental Funds	1,177
	County Hospital Enterprise	300
	Health Maintenance Organization Enterprise	5
	Nonmajor Enterprise Funds	4
	Internal Service Funds	13
	Investment Trust Fund	4,827
		21,740
Pension Trust Fund [1]	General Fund	2,126
		2,126
Subtotal		132,016

[1] Adjustment: Reported as of December 31, 2002

Pension Trust Fund [2]	General Fund	6,401
	Nonmajor Governmental Funds	914
	County Hospital Enterprise	1,580
	Health Maintenance Organization Enterprise	66
	Nonmajor Enterprise Funds	31
	Agency Funds	2,265
[2] Reported as of June 30, 2003		11,257
Total		$ 143,273

(concluded)

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 138
Nonmajor Governmental Funds	Nonmajor Governmental Funds	5,972
Total		$ 6,110

The interfund balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made and (4) interfund loans. Interfund balances in the agency funds result from interfund borrowings.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity (in thousands):

A. Between Governmental and Business-type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	County Hospital Enterprise	$ 41,937	Provide subsidy to cover portion of County Hospital's operation.
General Fund	Health Maintenance Organization Enterprise	4,822	Provide subsidy to cover portion of HMO's operation.
General Fund	Internal Service Funds	4,000	Transfer funds from the General Fund to the Medical Liability Internal Service Fund.
County Hospital Enterprise	General Fund	23,094	Transfer funds to reimburse the General Fund for intergovernmental transfer (IGT) payments, including an $8,114 prior year expenditure accrual.
County Hospital Enterprise	Nonmajor Governmental Funds	4,741	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
County Hospital Enterprise	Nonmajor Governmental Funds	254	Transfer of funds to cover the County Hospital's pro rata share of certain project lease payments.
Health Maintenance Organization Enterprise	Nonmajor Governmental Funds	186	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
Health Maintenance Organization Enterprise	Nonmajor Governmental Funds	107	Transfer of funds to cover the Health Maintenance Organization's pro rata share of certain project lease payments.
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	71	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
Total		$ 79,212	

B. Between Funds within the Governmental or Business-type Activities[1]:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 1,100	Transfer funds to Library to help pay operating expenses.
	Nonmajor Governmental Funds	60	Provide an annual subsidy to cover operating expenses of the Automated Warrant ID program.
	Nonmajor Governmental Funds	25	Provide an annual subsidy to cover operating expenses of the Pleasant Hill Bart Transportation Demand Management (TDM) program.
	Nonmajor Governmental Funds	19,415	Transfer a portion of the Salaries and Benefits Expense to Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	198	Transfer funds for the Sheriff's Patrol usage of helicopter and communication services.
	Nonmajor Governmental Funds	12,347	Transfer of funds to cover General Fund's pro rata share of project costs.
	Nonmajor Governmental Funds	450	Provide a one time appropriation to the Community Development Open Space Funding Measure.
	Nonmajor Governmental Funds	381	Transfer of funds to pay for capital outlay (RDA).
Nonmajor Governmental Funds	General Fund	108	Transfer funds for mental health services performed.
	General Fund	79	Transfer funds for purchase of Sheriff's Patrol foul weather gear.
	General Fund	1,286	Transfer funds to reimburse Sheriff Cal ID expenditures.
	General Fund	5	Transfer interest earned on Neighborhood Preservation revolving loan fund for remittance to HUD.
	General Fund	1	Transfer California Environmental Quality Act (CEQA) clerk filing fees.
	General Fund	1,444	Transfer funds for the purchase of Sheriff's helicopter and accessories.
	Nonmajor Governmental Funds	102	Transfer National Pollutant Discharge Elimination funds to the Road Fund.

(continued)

[1] These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

Transfer From	Transfer To	Amount	Purpose
	Nonmajor Governmental Funds	102	Transfer funds from permanent fund to Library.
	Nonmajor Governmental Funds	974	Transfer a portion of the Salaries and Benefits Expense to Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	2,772	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	23,464	Defeasance through refunding of certificate of participation debt.
	Nonmajor Governmental Funds	465	Transfer funds to pay for capital outlay.
Total		$ 64,778	

(concluded)

The County pays a subsidy to the County Hospital and Health Maintenance Organization Enterprise Funds to provide resources for operating costs which are in excess of operating revenues. Subsidies for the past three years are as follows (in thousands):

Year Ended June 30	Total Subsidy
2001	$ 29,963
2002	36,212
2003	46,759

Certain health and welfare realignment revenues, previously recorded in the General Fund and transferred via subsidy to the Hospital and the Health Maintenance Organization, are now recorded directly to those funds as intergovernmental revenue. In fiscal year 2002-2003, these intergovernmental revenues were $17,673,000 for the County Hospital and $3,834,000 for the Health Maintenance Organization.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 (March 31, 2003, for the Housing Authority), was as follows (in thousands):

	Balance July 1, 2002	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2003
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 60,108	2,008	(100)		62,016
Construction in progress	53,502	38,868	(322)	(8,682)	83,366
Total capital assets, not being depreciated	113,610	40,876	(422)	(8,682)	145,382
Capital assets, being depreciated:					
Infrastructure	304,094	7,093	(67)	8,682	319,802
Structures and improvements	445,739	12,503	(1,920)		456,322
Equipment	102,715	15,780	(6,286)		112,209
Total capital assets, being depreciated	852,548	35,376	(8,273)	8,682	888,333
Less accumulated depreciation for:					
Infrastructure	(64,873)	(6,530)			(71,403)
Structures and improvements	(206,967)	(17,490)	167		(224,290)
Equipment	(60,336)	(10,775)	4,768		(66,343)
Total accumulated depreciation	(332,176)	(34,795)	4,935		(362,036)
Total capital assets, being depreciated, net	520,372	581	(3,338)	8,682	526,297
Governmental activities capital assets, net	$ 633,982	41,457	(3,760)		671,679

	Balance July 1, 2002	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2003
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 10,464		(3)		10,461
Construction in progress	36,539	12,013	(6,886)		41,666
Total capital assets, not being depreciated	47,003	12,013	(6,889)		52,127
Capital assets, being depreciated:					
Structures and improvements	229,271	7,523	(2,223)		234,571
Equipment	30,589	2,676	(2,513)		30,752
Total capital assets, being depreciated	259,860	10,199	(4,736)		265,323
Less accumulated depreciation for:					
Structures and improvements	(98,707)	(8,553)	178		(107,082)
Equipment*	(16,622)	(3,028)	1,657		(17,993)
Total accumulated depreciation	(115,329)	(11,581)	1,835		(125,075)
Total capital assets, being depreciated, net	144,531	(1,382)	(2,901)		140,248
Business-type activities capital assets, net	$ 191,534	10,631	(9,790)		192,375

* $54,000 of the total addition to accumulated depreciation was due to a transfer from governmental funds.

The Pension Trust Fund had net capital assets of $516,000. This consisted of leasehold improvements and office equipment.

Depreciation

Depreciation expense was charged to governmental functions as follows (in thousands):

General government	$ 18,697
Public protection	9,464
Health and sanitation	228
Public assistance	1,065
Education	423
Public ways and facilities	4,677
Recreation and culture	241
Total depreciation expense - governmental functions	$ 34,795

Depreciation expense was charged to the business-type functions as follows (in thousands):

County Hospital	$ 6,505
Health Maintenance Organization	13
Nonmajor enterprise funds	5,009
Total depreciation expense - business-type functions	$ 11,527

8. SHORT-TERM NOTES PAYABLE

On June 30, 2003, the County had tax and revenue anticipation notes outstanding in the amount of $55,000,000 with interest at 2.5 percent per annum. The notes were issued October 17, 2002, and will be redeemed November 17, 2003. Interest is payable on October 17, 2003, and at maturity. The redemption monies were from taxes and other revenues transferred to a fiscal agent during the fiscal year. Total interest incurred on these notes during fiscal year 2002-2003 was $1,490,000. These notes were issued to finance seasonal cash flow requirements for fiscal year ended June 30, 2003.

As of July 1, 2002, the County had tax and revenue anticipation notes outstanding in the amount of $70,000,000. This amount was repaid on October 8, 2002.

9. PAYABLES

Accounts payable and accrued liabilities at year-end were as follows (in thousands):

Governmental Activities:	General Fund	Nonmajor Funds	Total Governmental Activities
Accounts payable	$ 20,029	9,114	29,143
Accrued payroll	42,989	7,825	50,814
Total Accounts payable and accrued liabilities	$ 63,018	16,939	79,957

Business-type Activities:	County Hospital	Health Maintenance Organization	Nonmajor Funds	Total Business-type Activities
Accounts payable	$ 9,670	24,000	1,986	35,656
Accrued payroll	13,177	570	143	13,890
Total Accounts payable and accrued liabilities	$ 22,847	24,570	2,129	49,546

10. LEASES

A. Operating Leases

Total rental expense for the year ended June 30, 2003 (March 31, 2003, for the Housing Authority), for all operating leases and month-to-month lease arrangements amounted to $10,825,000 for the General Fund, $1,579,000 for the nonmajor governmental funds, $2,946,000 for the County Hospital Enterprise Fund, $92,000 for the Health Maintenance Organization Enterprise Fund, $204,000 for nonmajor enterprise funds and $11,000 for the Pension Trust Fund.

At June 30, 2003 (March 31, 2003, for the Housing Authority), the future minimum rental payments required under non-cancelable operating leases for buildings and equipment, other than month-to-month lease arrangements, are as follows (in thousands):

	Governmental Activities		Business-type Activities		
Fiscal Year Ending June 30	General Fund	Nonmajor Governmental Funds	County Hospital Enterprise Fund	Nonmajor Enterprise Funds*	Total
2004	$ 5,584	15	111	258	5,968
2005	4,471	4	100	212	4,787
2006	3,743	5	100	220	4,068
2007	2,984	5	100	227	3,316
2008	2,547	12	100	234	2,893
2009-2013	8,958		500		9,458
2014-2018	2,539		400		2,939
	$ 30,826	41	1,411	1,151	33,429

* Includes only Housing Authority amounts.

B. Capital Leases

The County has capital lease purchase agreements for various County buildings, improvements and equipment. The assets acquired under these lease purchase agreements are included in the County's capital assets. The costs of these assets were $14,917,000 for buildings and improvements and $7,413,000 for equipment. The obligations related to these lease purchase agreements are included in the County's long-term obligations (see Note 11).

New capital lease obligations for the fiscal year ended June 30, 2003, were $4,093,000. Of this amount, $2,492,000 was used to obtain various assets during the fiscal year. Remaining unspent proceeds will be used in subsequent years.

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2003, (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2004	$	3,368	689
2005		2,627	689
2006		1,955	689
2007		1,933	689
2008		1,702	689
2009-2013		5,261	686
2014-2018		1,679	
2019-2023		619	
Total		19,144	4,131
Less: Amount representing interest		(3,814)	(576)
Present value of future minimum lease payments	$	15,330	3,555

C. Leases of County-Owned Property

The County has non-cancelable operating leases of property to others for various operations including recreational, commercial, airport and governmental purposes. Rental income for the year ended June 30, 2003, amounted to $2,861,000 for the General Fund, $2,445,000 for nonmajor governmental funds, $26,000 for the County Hospital Enterprise Fund and $2,941,000 for nonmajor enterprise funds.

The following is a schedule of future minimum rental receipts on non-cancelable lease arrangements, not including month-to-month lease agreements, as of June 30, 2003, (in thousands):

		Governmental Activities		Business-type Activities		
Fiscal Year Ending June 30		General Fund	Nonmajor Governmental Funds	County Hospital Enterprise Fund	Nonmajor Enterprise Funds	Total
2004	$	827	6	20	1,831	2,684
2005		537	6	26	1,764	2,333
2006		458	6	26	1,764	2,254
2007		31	6	7	1,751	1,795
2008		28	6		1,751	1,785
2009-2013		134			8,277	8,411
Thereafter		27			25,335	25,362
	$	2,042	30	79	42,473	44,624

11. LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities transactions for the year ended June 30, 2003, (in thousands):

	Balance July 1, 2002	Additions	Retirements	Balance June 30, 2003	Amounts Due Within One Year
Governmental activities					
Compensated absences	$ 34,761	942		35,703	3,570
Claims payable	87,428	62,345	(50,371)	99,402	22,022
Capital lease obligations	16,238	2,621	(3,529)	15,330	2,674
Certificates of participation	58,665		(26,965)	31,700	1,145
Pension bonds payable	281,425	322,710	(16,915)	587,220	18,000
Other bonds payable	8,055		(915)	7,140	1,010
Lease revenue bonds	111,420	25,440	(5,900)	130,960	5,990
Tax allocation bonds	54,525		(945)	53,580	995
Special assessment debt	18,589		(1,367)	17,222	1,568
Total governmental activities - long-term obligations - gross	671,106	414,058	(106,907)	978,257	56,974
Capitalized premium		317	(14)	303	19
Total governmental activities - long-term obligations - net	$ 671,106	414,375	(106,921)	978,560	56,993
Business-type activities					
Compensated absences	$ 7,031	778		7,809	1,067
Medical liability claims payable	7,627		(1,037)	6,590	987
Capital lease obligations	2,146	2,009	(600)	3,555	538
Certificates of participation	132,550		(3,570)	128,980	3,730
Notes payable	984		(422)	562	31
Lease revenue bonds	31,760		(710)	31,050	730
Total business-type activities - long-term obligations-gross	182,098	2,787	(6,339)	178,546	7,083
Capitalized premiums, discounts and deferred amounts on refundings	(14,278)		703	(13,575)	(703)
Total business-type activities - long-term obligations-net	$ 167,820	2,787	(5,636)	164,971	6,380

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2003, are as follows (in thousands):

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Governmental activities					
Pension obligation bonds (4):					
2001 Issue/Remaining 1994 Issue	2014	5.55-6.80%	$ 15,915-33,280	$ 313,640	$ 264,510
2003 Issue	2022	3.98-5.14	0-44,925	322,710	322,710
					587,220
Certificates of participation (1):					
1997 Capital projects	2021	3.55-5.10	655-2,610	34,910	31,700
Lease revenue bonds (1):					
1998 Lease revenue	2025	3.80-5.15	525-1,745	24,695	22,835
1999 Lease revenue	2028	4.00-5.25	1,095-3,350	66,560	55,395
2001A Lease revenue	2026	3.15-4.15	335-900	13,905	13,225
2001B Lease revenue	2017	4.25-5.20	80-250	3,695	3,615
2002A Lease revenue	2027	2.75-5.00	155-760	12,650	12,495
2002B Lease revenue	2019	2.00-4.60	930-2,090	25,440	23,395
					130,960
Tax allocation bonds (3):					
1992 Tax allocation bond	2024	5.25-7.00	155-645	29,315	7,260
1995A Tax allocation bond	2026	3.90-7.00	25-115	1,645	1,475
1995B Tax allocation bond	2026	4.25-6.90	45-200	2,735	2,475
1999 Tax allocation bond	2029	4.00-5.125	475-3,250	44,615	42,370
					53,580
Special assessment debt with government commitment (5):					
Kensington 91-1	2013	5.25-6.00	150-300	4,684	2,110
Pleasant Hill 87-1	2005	6.80-7.30	620-770	8,785	1,485
Pleasant Hill BART 93-5	2015	5.44-6.93	55-140	1,530	1,135
San Ramon 89-1	2005	7.55-7.85	75-90	980	185
Wayside Plaza 91-2	2007	7.00-7.20	135-190	2,010	635
Pleasant Hill BART CFD 92-1	2016	8.00	7-14	171	137
Pleasant Hill BART CFD 98-1	2017	4.20-5.10	135-3,075	4,785	4,330
Norris Canyon 2001-1	2032	4.10-6.10	110-495	7,220	7,205
					17,222
Other bonds payable (2):					
Recreation and park	2005	4.25-5.10	445-510	4,485	1,000
Storm drainage	2005	4.25	5	200	10
CCC PFA revenue bonds 2001	2017	4.00-5.69	360-570	6,575	6,130
					7,140
Total Governmental activities					$ 827,822

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Business-type activities					
Notes payable (6):					
State Dept. of Transportation	2016	5.08%	13-25	$ 300	$ 237
State Dept. of Transportation	2010	5.48	13-23	200	140
Promissory Note	2059	7.52		185	185
					562
Lease revenue bonds (1):					
Hospital Enterprise					
1999 Los Medanos	2028	3.00-5.25	150-505	8,125	7,495
2001A Los Medanos	2026	3.15-4.15	10-265	4,125	3,920
2001B CC Regional Medical Center	2027	4.25-5.20	445-1,365	20,080	19,635
					31,050
Certificates of participation, net (1):					
1997 Certificates of participation	2023	3.75-6.00	3,390-10,185	145,340	128,980
Total Business-type activities					$ 160,592

NOTES:

(1) Debt service payments are made from lease payments by the County General, Special Revenue and County Hospital Enterprise Funds to the PFC and the PFA. 1992 Consolidated Capital Projects certificates of participation were defeased with issuance of 2002B lease revenue bonds.

(2) Debt service payments are made from restricted property taxes and other revenues recorded in the General and Debt Service Funds.

(3) Debt service payments are made from tax increment financing.

(4) In 1994, Contra Costa County issued $337,365,000 in taxable pension obligation bonds. In 2001, the County restructured these bonds with a new issue in the amount of $107,005,000. In April 2003, the County issued another $322,710,000 in taxable pension obligation bonds (2003 Series A). Debt service payments are made from all County revenues.

(5) Debt service payments are made from special assessments levies on properties in each assessment district. The County administers the assessment and repayment of these bonds. Since early redemption is allowed, there may be differences between the earnings on money received from property owners wishing to pay off their debt early and the interest obligation that accumulates on their debt between the time they submit funds to the County and the next available redemption date, as stated in the bonds' official statements. The County has historically funded this difference and to that extent may be obligated in some manner for this debt.

(6) Debt service payments are made from operating revenues. A State Department of Transportation Note was eliminated through a lease refinancing and leaseback transaction.

There are a number of limitations and restrictions contained in the various bond indentures. County management believes that the County is in compliance with all significant limitations and restrictions.

Following is a schedule of debt payment requirements to maturity for governmental activities for long-term obligations, excluding compensated absences and claims payable that have indefinite maturities, outstanding at June 30, 2003, (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Pension Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 2,674	694	1,145	1,601	18,000	35,464
2005	2,052	575	1,190	1,552	14,485	32,894
2006	1,462	492	1,245	1,499	17,730	31,945
2007	1,511	422	1,305	1,443	21,295	30,766
2008	1,351	352	1,365	1,383	22,725	29,339
2009-2013	4,353	908	7,875	5,855	182,875	119,324
2014-2018	1,345	334	10,135	3,604	154,230	65,095
2019-2023	582	37	7,440	795	155,880	22,377
Total	$ 15,330	3,814	31,700	17,732	587,220	367,204

Fiscal Year Ending June 30	Other Bonds Payable		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2004	$ 1,010	329	5,990	5,956
2005	1,015	282	6,220	5,738
2006	530	247	6,460	5,511
2007	570	222	6,715	5,273
2008	365	201	7,000	5,025
2009-2013	1,945	723	28,340	21,213
2014-2018	1,705	193	29,575	14,178
2019-2023			22,430	7,785
2024-2028			18,230	2,239
Total	$ 7,140	2,197	130,960	72,918

Fiscal Year Ending June 30	Tax Allocation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2004	$ 995	2,917	1,568	984
2005	1,040	2,868	1,648	877
2006	1,075	2,815	793	797
2007	1,135	2,760	824	748
2008	1,200	2,699	649	705
2009-2013	7,010	12,434	2,515	3,069
2014-2018	9,215	10,170	4,370	2,233
2019-2023	12,175	7,114	1,300	1,282
2024-2028	16,005	3,200	1,745	827
2029-2033	3,730	98	1,810	228
Total	$ 53,580	47,075	17,222	11,750

As of June 30, 2003, annual debt service requirements of business-type activities to maturity, except for compensated absences and medical liability claims payable, are as follows (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 538	150	3,730	6,919	31	33
2005	562	128	3,925	6,718	34	31
2006	585	104	4,130	6,506	36	29
2007	610	79	4,350	6,267	38	27
2008	636	53	4,610	5,999	41	25
2009-2013	624	62	27,100	26,714	157	102
2014-2018			35,245	17,554	40	73
2019-2023			45,890	6,579		70
2024-2028						70
2029-2033						70
2034-2038						70
2039-2043						70
2044-2048						70
2049-2053						70
2054-2058						70
2059-2061					185	13
Total	$ 3,555	576	128,980	83,256	562	893

Fiscal Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2004	$ 730	1,514
2005	760	1,484
2006	795	1,453
2007	825	1,420
2008	860	1,386
2009-2013	4,885	6,339
2014-2018	6,185	5,045
2019-2023	7,890	3,335
2024-2028	8,120	1,111
Total	$ 31,050	23,087

Issuance of New Debt

Public Financing Authority

In September 2002, the County of Contra Costa Public Financing Authority issued $25,440,000 in lease revenue bonds (2002 Series B), with interest rates ranging from 2.00 to 4.60 percent. The original issue premium was $317,000. The costs of issuance amounted to $430,000. The proceeds were used to defease $25,870,000 of 1992 certificates of participation (consolidated Capital Projects issue).

Pension Obligation Bonds

In April 2003, Contra Costa County issued $322,710,000 in taxable pension obligation bonds (2003 Series A), with interest rates ranging from 3.98 to 5.14 percent. These bonds are being issued to refinance the County's unfunded actuarial accrued liability (the "UAAL") with respect to retirement benefits for County employees and retirees.

Defeased Obligations

The County has defeased certain obligations by placing a portion of the proceeds of new debt issuances in irrevocable trusts to provide for all future debt service payments on the refunded obligations. Accordingly, the trust account assets and the liability of the defeased debt are not included on the financial statements of the County. On June 30, 2003, $34,739,000 in outstanding obligations is considered to be defeased.

In September 2002, the County issued $25,440,000 in lease revenue bonds to defease $25,870,000 of 1992 certificates of participation. A summary of the sources and uses of funds, cash flow and economic gain for this defeasance are as follows:

Sources and Uses of Funds:

Sources of Funds		
Principal amount of lease revenue bonds	$	25,440,000
Construction Fund contribution		260,000
Debt Service Reserve Fund contribution		3,272,000
Net original issue premium		317,000
Total Sources of Funds	$	29,289,000

Uses of Funds		
Cost of escrowed security	$	26,996,000
Debt Service Reserve Fund deposit		1,585,000
Project Fund deposit		260,000
Issuance costs		203,000
Underwriters' discount		114,000
Bond Insurance premium		131,000
Total Uses of Funds	$	29,289,000

Cash Flows:

Debt Service of Lease Revenue Bonds	Debt Service of COP's	Reduction/(Increase) of Debt Service	Present Value of Reduction/(Increase) of Debt Service @ 3.90133%
$ 30,748,000	$ 31,596,000	$ 848,000	$ 11,521,000

Economic Gain:

Present value of reduction of Debt Service	$ 11,521,000
Less: prior funds on hand	(3,272,000)
Plus: refunding funds on hand	1,585,000
Net Present Value of Economic Gain	$ 9,834,000

Legal Debt Limit

As of June 30, 2003, the County's debt limit (5 percent of valuation subject to taxation) was $5.046 billion. The total amount of debt applicable to the debt limit was $615 million, net of assets in the debt service funds and other deductions allowed by law. The resulting legal debt margin was $4.431 billion.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The County engages consultants to perform calculations of excess investment earnings on tax-exempt bonds and as of June 30, 2003, does not expect to incur a liability.

12. CONDUIT DEBT

From time to time Multifamily/Single Family Housing Revenue Bonds have been issued in the County's name to provide mortgage loans secured by first trust deeds on newly constructed and existing housing and to provide funds to builders for construction/remodeling of housing projects.

The bonds do not constitute an indebtedness of the County. They are payable solely from payments made on and secured by a pledge of the acquired mortgage loans or housing units and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. The County is not obligated in any manner for repayment of the indebtedness. Accordingly, no liability has been recorded in the basic financial statements.

As of June 30, 2003, the County had participated in the issuance of thirty-three series of Multifamily or Single Family Housing Revenue Bonds. The aggregate principal amount remaining payable for the bonds issued was $352,685,000.

Not included in the above amount is a defeased issue of $42,160,000.

13. NET ASSETS/FUND BALANCES

The government-wide financial statements and proprietary and fiduciary fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the governmental fund financial statements, reserves segregate portions of fund balance that are either not available for appropriation or are legally restricted by outside parties for use.

As of June 30, 2003, reservations of fund balance are described below:

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.

- *Inventories* – to reflect the portion of assets which do not represent available spendable resources.

- *Advances to other funds* – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.

- *Prepaid items and deposits* – to reflect amounts paid in advance by the County for goods not yet received or services not yet performed.

- *Land held for resale* – to reflect investment in land which does not represent available spendable resources.

- *Housing Projects* - to account for financial resources designated for increasing and improving the supply of housing for persons and families of low or moderate income.

- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest or as reserves. These funds are not available for general operations.

- *Nonexpendable Permanent Funds* – to reflect the fund's principal balance which is not expendable.

- *Childcare Facilities Program* – to reflect funds restricted for the child care facilities program that represent child care mitigation fees collected from developers for the purpose of the creation or expansion of child care services in the redevelopment project areas.

14. PERMANENT FUND

The Permanent Fund accounts for the financial activities and balances of donor-restricted endowments for the County's libraries. Interest income may be used for the establishment and furnishing of children's areas within libraries, literacy programs and the acquisition of books that meet the criteria of the endowments. In accordance with the terms of the endowments and California Government Code Section 25355, only the interest income may be used; any unused income may be used in a subsequent year. The amount available for spending, $275,000 at June 30, 2003, is shown on the Statement of Net Assets as Net Assets Restricted for Permanent Fund - Expendable.

15. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The Contra Costa County Employees' Retirement Association (CCCERA) is a cost-sharing multiple-employer defined benefit pension plan (the plan) governed by the County Employees' Retirement Law of 1937 (the 1937 Act). The plan covers substantially all of the employees of the County, its special districts, the Housing Authority and thirteen other member agencies. The plan issues stand-alone financial statements which can be directly obtained from its office, as indicated in Note 1.A.

The plan provides for retirement, disability, death and survivor benefits, in accordance with the 1937 Act. Annual cost-of-living adjustments to retirement benefits can be granted by the Retirement Board as provided by State statutes.

The plan is divided into four separate benefit sections of the 1937 Act. These sections are known as: General - Tier I, General - Tier II, General - Tier III and Safety. Tier I includes members not mandated to be in Tier II and reciprocal members that elect Tier I membership. Tier II includes members hired on or after August 1, 1980 and before October 1, 2002, by the three employers adopting this benefit provision and their members who elected to transfer from Tier I at that date. Tier III was approved by the Board of Supervisors in January 1998, and implementation began in October 1998. Safety includes members in active law enforcement, active fire suppression work or certain other "Safety" classifications as designated by the Retirement Board.

Effective November 1, 2002, an additional flat monthly retiree benefit of $200 is being provided for all former members who retired prior to January 1, 1983, and are currently receiving pension benefits (including spousal continuance benefits). The total cost of this benefit improvement is $22,955,000 and was funded from excess earnings.

Benefit enhancement law changes to Section 31664 and Section 31676.11 of the Government Code, commonly known as 3% @ 50 for Safety members and 2% @ 55 for General members, were adopted

by the Contra Costa County Board of Supervisors in 2002 for county employees (enhanced benefit). The 3% @ 50 for Safety members became effective on July 1, 2002, while the 2% @ 55 for General members became effective on January 1, 2003. In addition, Contra Costa County eliminated (with legislation) Tier II for all new county employees and transferred all (except the California Nurses Association members – CNA) Tier II employees into Tier III effective October 1, 2002. CNA members and their managers/supervisors did not ratify the enhanced benefit with the other bargaining units and continue under the old benefit structure.

Service retirement benefits are based on age, length of service and final average salary. For the Tiers I, III and Safety sections, the retirement benefit is based on a one-year average salary, in accordance with Section 31462 of the Government Code. For Tier II, the benefit is based on a three-year average salary.

B. Funding Policy

Pursuant to provisions of the 1937 Act, the Retirement Board recommends the annual contribution rates for adoption by the Board of Supervisors. New contribution rates, based on the actuarial study as of December 31, 2001, became effective January 1, 2003. The contribution requirements are determined as a percentage of payroll.

The employer rates were calculated on the alternate funding method permitted by Section 31453.5 of the Government Code. The "entry age normal funding" method is used to calculate the rate required to provide all the benefits promised to a new member. Unfunded costs resulting from this calculation are amortized on a level percent closed basis over 16 years from the December 31, 2001, valuation date.

Active plan members are required to contribute an actuarially determined percentage of their annual covered salary. The required percentage rates vary according to the benefit section and entry age of the employee. The rates in effect during fiscal year 2002-2003 (based on covered payroll as of January 1, 2002) ranged from 2.27 percent to 12.10 percent of the employees' annual covered salary.

The County employer rates of contribution, calculated as a percentage of the County's covered payroll of $460,797,000 as of January 1, 2002, for fiscal year 2002-2003, were:

	Non-Enhanced	Enhanced
General Members, Tier I	20.06%	21.21%
General Members, Tier II	14.59	N/A
General Members, Tier III	14.92	17.89
Safety Members	23.04	39.02

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2003, were as follows:

Annual required contribution (County fiscal year basis)	$ 78,725,000
Interest on pension asset	(22,299,000)
Adjustment to the annual required contribution	40,293,000
Annual pension cost	96,719,000
Contributions made	397,819,000
Increase in pension asset	301,100,000
Pension asset, beginning of year	278,723,000
Pension asset, end of year	$ 579,823,000

The following table shows the County's annual pension cost and the percentage contributed for the 2003 fiscal year and each of the two preceding years:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2001	$ 50,921,000	76.40%	$ 293,558,000
2002	58,668,000	74.71%	278,723,000
2003	96,719,000	81.39%	579,823,000

The County has made its annual required contribution (ARC) for each of the past three years. The difference between the ARC and the annual pension cost (APC) is due to the amortization of the Net Pension Asset.

16. PAULSON LAWSUIT SETTLEMENT

During the year ended December 31, 1999, CCCERA settled its litigation, entitled Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa Employees' Retirement Association, et al. As of October 14, 1999, all legal documents to finalize the case settlement were signed by the court.

The consolidated lawsuit was brought on behalf of a class of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating members' retirement benefits as a result of the Ventura Decision. The Ventura Decision held that a County Retirement System operating under provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements received by an employee, within the employees' "compensation earnable" and "final" compensation when calculating the employee's retirement benefits. A settlement agreement has been entered into with all parties and a petitioners' class has been certified consisting of all retired members of CCCERA whose effective retirement date was on or before September 30, 1997 (i.e., the period prior to the October 1, 1997, effective date of the Ventura Decision).

As of January 1, 2003, the liability resulting from the settlement was $108,294,000 for the County, $2,019,000 for the Housing Authority of the County of Contra Costa (Housing Authority) and $18,365,000 for the Contra Costa Fire Protection District (CC Fire). The CCCERA Board had previously designated $90,000,000 from retirement unrestricted excess earnings, plus the interest earned, to help cover the anticipated liability. As of January 1, 2003, this amounted to $99,185,000. The Housing Authority has paid its remaining liability of $463,000. CC Fire and the County will pay their remaining portions of the liability ($4,209,000 and $24,821,000 respectively, plus interest) over a twenty-year period.

17. PATIENT SERVICE REVENUE AND RECEIVABLES

The County Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Charges for services are reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The County Hospital's Medicare and Medi-Cal cost reports have been audited by the fiscal intermediary through June 30, 2000, and June 30, 2001, respectively. As such, the cost reports for the prior year are still under review by fiscal intermediaries and have not been settled due to certain unresolved reimbursement issues. The County believes it has adequately provided for any liabilities that may arise from the fiscal intermediaries' audits.

Net receivables from patients and third-party payers at June 30, 2003, are summarized as follows:

Medicare	$	8,445,000
Medi-Cal		2,600,000
Insurance and other third-party payers		3,035,000
Total	$	14,080,000

18. RISK MANAGEMENT

The County self-insures its unemployment, dental and management long-term disability. The County is self-insured to $750,000 per occurrence for workers' compensation, and maintains $60 million of excess insurance coverage per occurrence with commercial insurance carriers. The County is self-insured to $1 million per occurrence on public and automobile liability, and maintains $25 million excess insurance coverage with commercial insurance carriers. Liability claims arising from operations at the County's two airports are fully insured to $100 million under a separate commercial insurance policy. The County

is self-insured to $500,000 per occurrence on medical malpractice and maintains $10 million of excess insurance with commercial insurance carriers. The County adjusts all self-insured claims in-house.

The County maintains up to $600 million "All Risk" insurance coverage subject to a $50,000 deductible to cover its property, except for loss caused by earthquake or flood. Loss caused by earthquake is insured to $120 million and is subject to a minimum $1 million deductible. Loss caused by flood is insured to $200 million and is subject to a $100,000 deductible.

The County maintains a separate insurance policy to cover the Sheriff-Coroner's two helicopters up to $50 million for liability arising from the helicopters' use.

During the past three years there have been no instances of the amount of claim settlements exceeding insurance coverage.

Internal Service Funds are used to account for the County's self-insurance activities. It is the County's policy to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated expenditures for self-insured claims. Charges to operating funds are recorded as expenditures/expenses of such funds and revenues of the Internal Service Funds. Accrual and payment of claims are recorded in the Internal Service Funds.

The County has accrued a liability of $106 million at June 30, 2003, for all self-insured claims in the Internal Service Funds, which includes an amount for incurred but not reported claims. The self-insurance reserve is based on actuarially determined amounts for workers' compensation, public and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the County, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes to the Internal Service Funds' claims liability amount for fiscal years 2001-2002 and 2002-2003 are as follows (in thousands):

Liability at June 30, 2001	$	80,021
FY 2001-2002 claims and changes in estimates		57,740
FY 2001-2002 claim payments		(42,706)
Liability at June 30, 2002		95,055
FY 2002-2003 claims and changes in estimates		62,344
FY 2002-2003 claim payments		(51,407)
Liability at June 30, 2003	$	105,992

The actuarially determined claims liabilities, including incurred but not reported claims, are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that modify past experience. It also includes incremental claim adjustment expenses. In addition, estimated recoveries on settled and unsettled claims were evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims.

19. COMMITMENTS AND CONTINGENCIES

A. Grants

The County participates in a number of federal and State grant programs which are subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs through June 30, 2003, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County believes that such disallowances, if any, would not have a material effect on the basic financial statements.

B. Health Insurance

Health care benefits for active and retired employees are jointly financed by the beneficiaries and by the County. Most employees have a choice of participation in five medical plans: Kaiser Permanente, a private health maintenance organization (HMO); Health Net (HMO); Health Net preferred provider organization (PPO); and the Contra Costa Health Plans (CCHP) A and B, operated by the County Health Services Department. Employees represented by either the Deputy Sheriffs' Association (DSA), District Attorney Investigators' Association (DAIA), or United Professional Fire Fighters' IAFF Local 1230 are eligible to participate in medical plans administered by the California Public Employees' Retirement System (CalPERS).

For non-CalPERS administered medical plans, the County subvents 80.0 percent of Kaiser, 80.0 percent of Health Net (HMO), 58.0 percent of Health Net (PPO) and 98.0 percent of CCHP A and 90.0 percent of CCHP B premiums for plan members. The County subvention for CalPERS administered plans is a flat rate depending on the employees' union representation and the number of dependents covered under the plans. All permanent employees have a choice of two dental plans: a County self-funded plan administered by Delta Dental, and a PMI Delta Care Plan. The County's self-funded plan is an indemnity program and the PMI Delta Care plan is a prepaid program.

The County's contribution to health and dental plans during fiscal year 2002-2003 for active employees was $57,188,000. The County's liability for health care benefits is limited to its annual contribution.

C. Postemployment Benefits Other Than Pensions

In addition to providing retirement benefits as described in Note 15, retired employees are allowed to continue participation in the medical and dental plans described above. As of June 30, 2003, there were 4,386 retired employees participating in the health plans, and the County contributed $20,644,000 toward payment of the premiums. The cost of retiree health care is recognized when the County makes its contribution on a pay-as-you-go basis and is accounted for in the General Fund, Special Revenue Library and Fire District Funds, enterprise funds, or fiduciary funds as appropriate. This postemployment benefit was approved by Board of Supervisors resolution number 264 on

August 22, 1961, with an effective date of October 1, 1961. To be eligible, the retiring employee must have been a member of a participating health plan at the date of retirement.

D. Special Assessment Debt

The County is considered to be "obligated in some manner," as defined by GASB Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, for its special assessment debt. The County is obligated to foreclose on properties for which owners have failed to pay assessment installments as they fall due and the County may honor deficiencies to the extent that lien foreclosure proceeds are insufficient. The County's obligation to advance monies to pay debt service in the event of delinquent assessment installments is limited to the amount of remaining original bond proceeds and installments received. Special assessment debt is included in the County's statement of net assets and special assessment transactions are included in the Assessment Districts Debt Service Fund. Debt service payments are made from special assessments of the related special assessment district.

E. Construction Commitments

The County had entered into contracts for the construction of certain projects. At June 30, 2003, there were outstanding commitments of $7,412,000 for the Juvenile Hall Replacement project, $1,767,000 for the new Powers Child Care Center project, and $3,937,000 for the Contra Costa County Animal Services Facility.

F. Pending Legal Matters

Numerous lawsuits are pending or threatened against the County. The County has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2003.

20. SUBSEQUENT EVENTS

A. 2003 Lease Revenue Bonds, Series A

In July 2003, the County of Contra Costa Public Financing Authority issued $18,500,000 in lease revenue bonds (2003 Series A), with interest rates ranging from 2.0 to 5.0 percent. The proceeds will be used to finance or refinance the construction, acquisition and installation of various capital projects, and prepay a privately placed lease that financed the acquisition, rehabilitation and construction of an adolescent residential treatment facility.

B. Tax Allocation Revenue Bonds, Series A and B

On August 22, 2003, the Contra Costa County Redevelopment Agency (RDA) issued 2003 Tax Allocation Revenue Bonds, Series A and B, for $43,345,000 and $2,445,000, respectively. The proceeds of the bonds were used to refund the remaining portion of the 1992 Tax Allocation Bonds for the Pleasant Hill BART Project Area and to finance redevelopment projects, including some housing projects. The bonds are a special obligation of the RDA and are payable from and secured by

a pledge of property tax increment revenues. The final maturity payment on these bonds is August 1, 2033, and the interest rates range from 3.00 percent to 5.85 percent.

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 201,452	201,452	211,866	10,414
Licenses, permits and franchise fees	12,540	13,367	13,614	247
Fines, forfeitures and penalties	13,346	13,351	14,007	656
Use of money and property	9,541	9,385	7,312	(2,073)
Intergovernmental	490,198	536,861	505,878	(30,983)
Charges for services	158,893	169,732	173,062	3,330
Other revenue	60,226	90,060	75,776	(14,284)
Total Revenues	946,196	1,034,208	1,001,515	(32,693)
Expenditures:				
Current:				
General Government:				
Administrator	4,173	4,089	3,565	524
Assessor	13,140	13,272	12,519	753
Auditor-Controller	6,433	6,388	6,034	354
Board of Supervisors	5,341	5,394	4,018	1,376
Building Maintenance	13,176	16,198	16,031	167
Building Occupancy Cost	18,705	16,375	15,022	1,353
Central Service/Microfilm	651	604	535	69
Clerk of the Board	585	573	519	54
Community Access Television	718	783	750	33
County Counsel	4,097	4,052	3,760	292
Crockett-Rodeo Revenues	1,442	1,442	556	886
Economic Development	427	377	308	69
Elections	4,846	4,806	4,534	272
Employee Benefits	11,405	11,232	2,828	8,404
Fleet Services	3,331	5,043	1,783	3,260
General Services Administration	1	3	3	
Human Resources	8,232	8,088	5,257	2,831
Information Technology	2,783	2,364	2,190	174
Insurance	8,679	8,411	7,821	590
Management Information Systems	1,470	1,895	833	1,062
Personnel Merit Board	97	97	72	25
Plant Acquisition	41,664	99,473	38,291	61,182
Purchasing	902	889	844	45
Revenue Collections	2,351	2,282	2,038	244
Telephone Exchange	2,640	2,245	2,093	152
Treasurer-Tax Collector	4,305	4,305	3,925	380
UAAL Pension Bond Debt Service Transfers	(2,564)	(2,564)	(2,564)	
Total General Government	159,030	218,116	133,565	84,551

(continued)

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Public Protection:				
Agriculture	3,448	3,394	3,309	85
Animal Services	6,998	6,798	6,369	429
CCC Department Child Support Services	21,734	22,044	20,804	1,240
Community Development	5,341	5,818	5,800	18
Conflict Defense Services	1,148	1,528	1,501	27
Coroner	2,337	1,847	1,822	25
Criminal Grand Jury	77	77	30	47
District Attorney	22,919	22,420	20,910	1,510
Emergency Services	2,970	3,262	2,827	435
Flood Control	852	852	692	160
Grand Jury	107	107	103	4
Jail	50,749	50,827	50,811	16
Jail - Health Services	9,665	8,988	8,971	17
Justice System Programs	3,704	3,324	570	2,754
Law and Justice Systems	332	335	280	55
Local Agency Formation	280	310	282	28
Probation - Programs	24,091	23,791	21,859	1,932
Probation - Facilities	19,026	19,026	18,771	255
Probation - Care of Court Wards	8,793	8,793	8,184	609
Public Administrator	232	232	231	1
Public Defender	17,621	16,800	16,406	394
Recorder	3,387	3,388	3,156	232
Sheriff	77,094	77,555	76,716	839
Trial Court Programs	20,794	22,914	22,909	5
Vehicle Theft Programs	1,024	1,024	629	395
UAAL Pension Bond Debt Service Transfer	(9,259)	(9,259)	(9,259)	
Total Public Protection	295,464	296,195	284,683	11,512
Health and Sanitation:				
Children's Services	5,958	6,323	6,323	
Conservator/Guardianship	1,444	1,410	1,383	27
Environmental Health	10,151	10,673	10,562	111
General Sewer Planning	23	23	23	
Health Services Homeless Program	5,012	4,699	4,579	120
Medical Disproportionate Share	17,561	24,822	23,093	1,729
Mental Health	85,473	89,010	88,401	609
Public Health	40,177	42,031	41,791	240
Solid Waste Management	594	587	245	342
Substance Abuse	19,616	19,505	19,503	2
UAAL Pension Bond Debt Service Transfer	(2,566)	(2,566)	(2,566)	
Total Health and Sanitation	183,443	196,517	193,337	3,180

(continued)

COUNTY OF CONTRA COSTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance-Positive (Negative)
	Original	Final		
Public Assistance:				
Ann Adler Child & Family	294	294	150	144
Community Development	13,072	10,323	6,549	3,774
Community Services	23,543	26,638	26,346	292
Housing Rehabilitation	290	290	274	16
EHSD - Administration	7,539	6,606	4,300	2,306
EHSD - Child & Family	95,418	107,155	105,167	1,988
EHSD - Aging & Adult	67,314	75,992	74,380	1,612
EHSD - Workforce Services	108,795	105,841	104,888	953
EHSD - WFRC Investment Board	8,852	8,852	7,974	878
Services Integration	628	630	544	86
Veterans Services	610	583	573	10
UAAL Pension Bond Debt Service Transfer	(4,228)	(4,228)	(4,228)	
Total Public Assistance	322,127	338,976	326,917	12,059
Education:				
Cooperative Extension Services	300	300	262	38
UAAL Pension Bond Debt Service Transfer	(5)	(5)	(5)	
Total Education	295	295	257	38
Public Ways and Facilities:				
Public Works	31,467	30,458	26,240	4,218
Road Construction	24,965	24,965	9,286	15,679
UAAL Pension Bond Debt Service Transfer	(793)	(793)	(793)	
Total Public Ways and Facilities	55,639	54,630	34,733	19,897
Recreation and Culture:				
Park Administration	1	1		1
Total Recreation and Culture	1	1		1
Debt Service:				
Interest	3,457	3,457	1,145	2,312
Capital Outlay	2,620	2,620	2,620	
Total Expenditures	1,022,076	1,110,807	977,257	133,550
Excess of Revenues Over/Under Expenditures	(75,880)	(76,599)	24,258	100,857
Other Financing Sources (Uses):				
Transfers in	21,140	31,944	26,017	(5,927)
Transfers out	(74,921)	(84,882)	(84,735)	147
Capital lease financing	2,620	2,620	3,627	1,007
Net Other Financing Sources (Uses)	(51,161)	(50,318)	(55,091)	(4,773)
Net Change in Fund Balances	(127,041)	(126,917)	(30,833)	96,084
Fund Balance at Beginning of Year	169,402	169,402	169,402	
Fund Balance at End of Year	$ 42,361	42,485	138,569	96,084

(concluded)

BUDGETS AND BUDGETARY ACCOUNTING

After a series of public hearings and in accordance with the provisions of Sections 29000-29145 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County Board of Supervisors legally adopts a budget for each fiscal year on or before October 2. This budget establishes the maximum authorized expenditures for the fiscal year that cannot be exceeded except by subsequent amendments to the budget by the Board of Supervisors. Budgets are adopted for the General Fund on the modified accrual basis.

Expenditures are controlled by management at the object (summary accounts) level within budget units (departments) of the County. The legal level of control is at the department level. Supplemental appropriations, which are normally financed by unanticipated revenues during the year, and any amendments or transfers of appropriations between summary accounts or departments must be approved by the Board of Supervisors. Pursuant to a Board of Supervisors Resolution, the County Administrator is authorized to approve transfers of appropriations among summary accounts within a department as deemed necessary and appropriate. Accordingly, the legal level of budgetary control by the Board of Supervisors is at the department level. Budgeted amounts in the budgetary comparison schedule are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end.

The amounts reported as expenditures by department include amounts charged each department to service the pension obligation bond debt because the budget includes these amounts as expenditures. "UAAL Pension Bond Debt Service Transfer" is a reporting adjustment made at the function level to achieve agreement with the financial statements where these expenditures are reported as transfers in accordance with GASB.

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2003

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Assets:					
Cash and investments	$ 246,185	40,055	45,430	2,106	333,776
Accounts receivable and accrued revenue	15,316	2,264	171		17,751
Due from other funds	6,785	17,142	148		24,075
Advances to other funds	5,972				5,972
Notes receivable	7,589		53		7,642
Prepaid items and deposits	964				964
Land held for resale	1,256		122		1,378
Total Assets	$ 284,067	59,461	45,924	2,106	391,558
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 11,796	4,607	536		16,939
Due to other funds	22,217	2,912	857	102	26,088
Welfare program advances	1				1
Advances from other funds	4,670	92	1,348		6,110
Deferred revenue	26,839		65		26,904
Total Liabilities	65,523	7,611	2,806	102	76,042
Fund Balances:					
Reserved for:					
Encumbrances	6,251		496		6,747
Advances to other funds	5,990				5,990
Prepaid items and deposits	964				964
Land held for resale	1,256		122		1,378
Child care facilities program			552		552
Housing projects	(1,091)				(1,091)
Debt service		34,241			34,241
Nonexpendable permanent fund				1,729	1,729
Unreserved, reported in:					
Special revenue funds	205,174				205,174
Debt service funds		17,609			17,609
Capital projects funds			41,948		41,948
Permanent fund				275	275
Total Fund Balances	218,544	51,850	43,118	2,004	315,516
Total Liabilities and Fund Balances	$ 284,067	59,461	45,924	2,106	391,558

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Revenues:					
Taxes	$ 120,528	6,981	3,946		131,455
Licenses, permits and franchise fees	24,134				24,134
Fines, forfeitures and penalties	4,226				4,226
Use of money and property	4,973	2,543	1,299	27	8,842
Intergovernmental	41,332	8	433		41,773
Charges for services	46,832				46,832
Other revenue	19,132	30,142	40		49,314
Total Revenues	261,157	39,674	5,718	27	306,576
Expenditures:					
Current:					
General government	1,595		37		1,632
Public protection	141,979				141,979
Health and sanitation	7,803				7,803
Public assistance	21,100	30,026	5,317		56,443
Education	18,157				18,157
Public ways and facilities	38,164		6,222		44,386
Recreation and culture	716				716
Debt service:					
Principal	72	50,461			50,533
Bond issuance cost		441			441
Payment to refunded bond escrow agent		3,272			3,272
Interest	470	30,013	24		30,507
Capital outlay		10			10
Total Expenditures	230,056	114,223	11,600		355,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,101	(74,549)	(5,882)	27	(49,303)
Other Financing Sources (Uses):					
Transfers in	2,169	65,045			67,214
Transfers out	(6,323)	(24,245)	(132)	(102)	(30,802)
Proceeds from the sale of real estate	500				500
Proceeds from issuance of debt		348,467			348,467
Payment to CCCERA		(319,095)			(319,095)
Payment to refunded bond escrow agent		(329)			(329)
Total Other Financing Sources (Uses)	(3,654)	69,843	(132)	(102)	65,955
Net Change in Fund Balances	27,447	(4,706)	(6,014)	(75)	16,652
Fund Balances at Beginning of Year	191,097	56,556	49,132	2,079	298,864
Fund Balances at End of Year	$ 218,544	51,850	43,118	2,004	315,516

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues that are restricted by law or administrative action to expenditures for specified purposes. Nonmajor special revenue funds used by the County are listed below:

ROAD FUNDS

These Funds were established to provide for maintenance and construction of roadways. Revenues consist primarily of the County's share of State highway user taxes and are supplemented by federal funds.

LIBRARY FUND

This Fund was established to provide library services for all areas of the County except the city of Richmond. Property taxes provide most of the Fund's revenues.

FIRE PROTECTION FUNDS

These Special District Funds provide fire protection services to both cities and unincorporated areas in the County. They are financed primarily by property taxes.

HEALTH AND SANITATION FUNDS

These Funds provide a variety of health and sanitation services. They are financed by State grants, the County's share of the tobacco tax and user fees.

SERVICE AREAS FUNDS

These Special District Funds provide services such as lighting, park, or street maintenance to specific areas in the County. They are financed by property taxes and user charges.

FLOOD CONTROL FUNDS

These Special District Funds provide services to control flood and storm waters. Revenues are primarily received from property taxes and federal grants.

LAW ENFORCEMENT FUNDS

These Funds provide for a variety of law enforcement services financed by property taxes, narcotics seizures and court fines and fees.

COURTS AND CRIMINAL JUSTICE FUNDS

These Funds are used for the improvement of courthouse and criminal justice facilities and related automated information systems. Revenues are derived from court fines and fees.

RECORDER/CLERK MODERNIZATION FUNDS

These Funds provide for automation of civil and small claims functions of the courts and for micrographics and modernization of the Recorder's Office. Revenues received are from filing and recording fees.

LAND DEVELOPMENT FUND

This Fund was established to report growth management related activities, such as Building Inspection, Public Works engineering and Community Development growth management related services.

REDEVELOPMENT AGENCY (RDA) FUNDS

These Funds are used to account for the financial resources designated for the improvement of targeted low to moderate income housing areas and the elimination of blight.

CHILD DEVELOPMENT FUND

This Fund is used to account for the financial resources designated for the County's Child Development programs.

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (IHSS) FUND

This Fund is used to provide services to both providers and recipients of in-home care delivered through the In-Home Supportive Services program.

OTHER SPECIAL REVENUE FUNDS

These Funds account for the activities of several non-grant Special Revenue Funds. They include Fish and Game, Survey Monuments, Victim Assistance, Sans Crainte Drainage and County Water Districts.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 2003

(In Thousands)

	Road	Library	Fire Protection	Health & Sanitation	Service Areas	Flood Control
Assets:						
Cash and investments	$ 48,664	10,487	38,818	8,070	17,902	24,486
Accounts receivable and accrued revenue	7,033	1,151	2,420	146	60	238
Due from other funds	641	172	456	429	3	315
Advances to other funds	25					
Notes receivable						
Prepaid items and deposits	44		894			18
Land held for resale						
Total Assets	$ 56,407	11,810	42,588	8,645	17,965	25,057
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 563	1,180	6,473	249	289	100
Due to other funds	2,340	659	981	1,693	431	2,197
Welfare program advances					1	
Advances from other funds						113
Deferred revenue	1,000	1	14	16		
Total Liabilities	3,903	1,840	7,468	1,958	721	2,410
Fund Balances:						
Reserved for:						
Encumbrances	250	1,050	3,712		1	253
Advances to other funds	25					25
Prepaid items and deposits	44		894			18
Land held for resale						
Housing projects						
Unreserved:						
Designated for equipment replacement	4,335	68				321
Undesignated	47,850	8,852	30,514	6,687	17,243	22,030
Total Fund Balances	52,504	9,970	35,120	6,687	17,244	22,647
Total Liabilities and Fund Balances	$ 56,407	11,810	42,588	8,645	17,965	25,057

Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Land Development	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
28,547	2,419	10,282	36,446	4,150		409	15,505	246,185
187	314	30	1,285	6	947	566	933	15,316
219	80	1	1,308	157	2,358	47	599	6,785
							5,947	5,972
				1,740			5,849	7,589
					8			964
				1,256				1,256
28,953	2,813	10,313	39,039	7,309	3,313	1,022	28,833	284,067
200	451	82	1,130	192	613	75	199	11,796
7,417	173	8	1,518	655	2,119	405	1,621	22,217
								1
				4,557				4,670
4	59		17,367	1,740	660		5,978	26,839
7,621	683	90	20,015	7,144	3,392	480	7,798	65,523
100		225	564				96	6,251
							5,940	5,990
					8			964
				1,256				1,256
				(1,091)				(1,091)
10			514					5,248
21,222	2,130	9,998	17,946		(87)	542	14,999	199,926
21,332	2,130	10,223	19,024	165	(79)	542	21,035	218,544
28,953	2,813	10,313	39,039	7,309	3,313	1,022	28,833	284,067

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Road	Library	Fire Protection	Health & Sanitation	Service Areas	Flood Control
Revenues:						
Taxes	$ 17,440	13,781	67,642	4,433	3,606	5,638
Licenses, permits and franchise fees			75		30	5,870
Fines, forfeitures and penalties			2	1,273		
Use of money and property	460	37	275	61	2,354	348
Intergovernmental	8,914	3,017	3,444	4,708	1,356	448
Charges for services	10,163	687	2,348	103	3,325	12,153
Other revenue	1,857	530	300	1	27	772
Total Revenues	38,834	18,052	74,086	10,579	10,698	25,229
Expenditures:						
Current:						
General government		249				
Public protection			74,919		5,122	19,894
Health and sanitation				7,803		
Public assistance						
Education		18,085			72	
Public ways and facilities	35,778				888	64
Recreation and culture					512	
Debt service:						
Principal				72		
Interest				3		94
Total Expenditures	35,778	18,334	74,919	7,878	6,594	20,052
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,056	(282)	(833)	2,701	4,104	5,177
Other Financing Sources (Uses):						
Transfers in	102	1,202			25	
Transfers out		(365)		(9)		(102)
Proceeds from the sale of real estate	500					
Total Other Financing Sources (Uses)	602	837		(9)	25	(102)
Net Change in Fund Balances	3,658	555	(833)	2,692	4,129	5,075
Fund Balances at Beginning of Year	48,846	9,415	35,953	3,995	13,115	17,572
Fund Balances at End of Year	$ 52,504	9,970	35,120	6,687	17,244	22,647

Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Land Development	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
5,041				1,760			1,187	120,528
			18,154				5	24,134
398	2,462						91	4,226
236	20		363	142			677	4,973
8,410	328		53		8,623	1,263	768	41,332
1,267		4,447	8,522				3,817	46,832
1,029			6,712		6,131		1,773	19,132
16,381	2,810	4,447	33,804	1,902	14,754	1,263	8,318	261,157
	3						1,343	1,595
12,883	72	1,173	24,464				3,452	141,979
								7,803
				3,338	14,508	901	2,353	21,100
								18,157
			1,434					38,164
204								716
								72
				79	9		285	470
13,087	75	1,173	25,898	3,417	14,517	901	7,433	230,056
3,294	2,735	3,274	7,906	(1,515)	237	362	885	31,101
258			450	132				2,169
(2,887)	(1,986)	(17)	(273)	(332)	(237)		(115)	(6,323)
								500
(2,629)	(1,986)	(17)	177	(200)	(237)		(115)	(3,654)
665	749	3,257	8,083	(1,715)		362	770	27,447
20,667	1,381	6,966	10,941	1,880	(79)	180	20,265	191,097
21,332	2,130	10,223	19,024	165	(79)	542	21,035	218,544

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

ROAD SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$	15,886	17,440	1,554
Use of money and property	1,379	1,379	460	(919)
Intergovernmental	25,559	10,396	8,914	(1,482)
Charges for services	8,268	8,639	10,163	1,524
Other revenue	4,363	3,216	1,857	(1,359)
Total Revenues	39,569	39,516	38,834	(682)
Expenditures:				
Public Ways and Facilities				
Services and supplies	28,858	29,315	12,087	17,228
Other charges	9,594	9,570	7,414	2,156
Fixed assets	496	815	706	109
Expenditure transfers	19,007	18,861	15,571	3,290
Reserves	337	337		337
Total Expenditures	58,292	58,898	35,778	23,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,723)	(19,382)	3,056	22,438
Other Financing Sources (Uses) :				
Transfers in	597	522	102	(420)
Transfers out	(558)	(467)		467
Proceeds from the sale of real estate		500	500	
Total Other Financing Sources (Uses)	39	555	602	47
Net Change in Fund Balance	(18,684)	(18,827)	3,658	22,485
Fund Balance at Beginning of Year			48,846	48,846
Fund Balance at End of Year	$ (18,684)	(18,827)	52,504	71,331

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

LIBRARY SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 12,905	12,905	13,781	876
Use of money and property	13	13	37	24
Intergovernmental	2,421	2,421	3,017	596
Charges for services	550	550	687	137
Other revenue	680	931	530	(401)
Total Revenues	16,569	16,820	18,052	1,232
Expenditures:				
General Government				
Fixed assets	2,195	2,138	249	1,889
Total General Government	2,195	2,138	249	1,889
Education				
Salaries and benefits	13,054	12,895	12,053	842
Services and supplies	4,049	5,171	3,773	1,398
Other charges	2,202	2,418	2,252	166
Fixed assets	1,172	302	7	295
Total Education	20,477	20,786	18,085	2,701
Total Expenditures	22,672	22,924	18,334	4,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,103)	(6,104)	(282)	5,822
Other Financing Sources (Uses):				
Transfers in	1,794	1,794	1,202	(592)
Transfers out	(37)	(37)	(365)	(328)
Total Other Financing Sources (Uses)	1,757	1,757	837	(920)
Net Change in Fund Balance	(4,346)	(4,347)	555	4,902
Fund Balance at Beginning of Year			9,415	9,415
Fund Balance at End of Year	$ (4,346)	(4,347)	9,970	14,317

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

FIRE PROTECTION SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 68,424	68,511	67,642	(869)
Licenses, permits, and franchise fees	282	282	75	(207)
Fines, forfeitures and penalties			2	2
Use of money and property	322	353	275	(78)
Intergovernmental	1,249	1,361	3,444	2,083
Charges for services	1,849	2,164	2,348	184
Other revenue	213	219	300	81
Total Revenues	72,339	72,890	74,086	1,196
Expenditures:				
Public Protection				
Salaries and benefits	62,315	63,019	59,574	3,445
Services and supplies	15,424	14,738	7,318	7,420
Other charges	2,552	2,937	2,747	190
Fixed assets	16,351	16,809	5,280	11,529
Expenditure transfers	50			
Total Expenditures	96,692	97,503	74,919	22,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,353)	(24,613)	(833)	23,780
Other Financing Sources (Uses):				
Transfers in	473	1,193		(1,193)
Transfers out	(206)	(685)		685
Total Other Financing Sources (Uses)	267	508		(508)
Net Change in Fund Balance	(24,086)	(24,105)	(833)	23,272
Fund Balance at Beginning of the Year			35,953	35,953
Fund Balance at End of Year	$ (24,086)	(24,105)	35,120	59,225

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

HEALTH AND SANITATION SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 4,306	4,525	4,433	(92)
Fines, forfeitures and penalties	1,177	1,372	1,273	(99)
Use of money and property	1,747	3	61	58
Intergovernmental	3,731	5,130	4,708	(422)
Charges for services	105	105	103	(2)
Other revenue			1	1
Total Revenues	11,066	11,135	10,579	(556)
Expenditures:				
Current:				
Health and Sanitation				
Salaries and benefits	405	208	208	
Services and supplies	10,006	10,130	4,538	5,592
Other charges	980	1,405	1,342	63
Fixed assets	25	38	38	
Expenditure transfers	3,562	3,249	1,677	1,572
Reserves	(12)	(7)		(7)
Total Health and Sanitation	14,966	15,023	7,803	7,220
Debt service:				
Principal	60	72	72	
Interest	10	10	3	7
Total Expenditures	15,036	15,105	7,878	7,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,970)	(3,970)	2,701	6,671
Other Financing Uses:				
Transfers out		(9)	(9)	
Total Other Financing Uses		(9)	(9)	
Net Change in Fund Balance	(3,970)	(3,979)	2,692	6,671
Fund Balance at Beginning of Year			3,995	3,995
Fund Balance at End of Year	$ (3,970)	(3,979)	6,687	10,666

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
SERVICE AREAS SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 3,314	3,317	3,606	289
Licenses, permits and franchise fees	10	10	30	20
Use of money and property	343	344	2,354	2,010
Intergovernmental	1,369	1,369	1,356	(13)
Charges for services	2,140	2,323	3,325	1,002
Other revenue	135	141	27	(114)
Total Revenues	7,311	7,504	10,698	3,194
Expenditures:				
Public Protection				
Services and supplies	8,738	8,898	2,559	6,339
Other charges	1,669	1,707	2,074	(367)
Fixed assets	2,190	2,115	1	2,114
Expenditure transfers	383	476	488	(12)
Reserves	54	54		54
Total Public Protection	13,034	13,250	5,122	8,128
Education				
Services and supplies	132	132		132
Other charges		72	72	
Total Education	132	204	72	132
Public Ways and Facilities				
Salaries and benefits				
Services and supplies	1,816	1,772	754	1,018
Other charges	75	110	98	12
Fixed assets	733	741	7	734
Expenditure transfers	198	199	29	170
Total Public Ways and Facilities	2,822	2,822	888	1,934

(continued)

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
SERVICE AREAS SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Recreation and Culture				
Salaries and benefits	2	2	2	
Services and supplies	171	186	165	21
Other charges	186	210	195	15
Fixed assets	2,483	2,353	10	2,343
Expenditure transfers	50	143	140	3
Total Recreation and Culture	2,892	2,894	512	2,382
Total Expenditures	18,880	19,170	6,594	12,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,569)	(11,666)	4,104	15,770
Other Financing Sources (Uses):				
Transfers in		25	25	
Transfers out	(130)	(58)		58
Total Other Financing Sources (Uses)	(130)	(33)	25	58
Net Change in Fund Balance	(11,699)	(11,699)	4,129	15,828
Fund Balance at Beginning of Year			13,115	13,115
Fund Balance at End of Year	$ (11,699)	(11,699)	17,244	28,943

(concluded)

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 5,145	5,145	5,638	493
Licenses, permits and franchise fees	2,246	2,459	5,870	3,411
Use of money and property	154	155	348	193
Intergovernmental	440	444	448	4
Charges for services	11,689	12,150	12,153	3
Other revenue	1,660	1,871	772	(1,099)
Total Revenues	21,334	22,224	25,229	3,005
Expenditures:				
Current:				
Public Protection				
Salaries and benefits	2	1	1	
Services and supplies	14,984	17,125	11,408	5,717
Other charges	9,743	10,354	2,272	8,082
Fixed assets	316	537	320	217
Expenditure transfers	6,891	5,593	5,893	(300)
Reserves	957	759		759
Total Public Protection	32,893	34,369	19,894	14,475
Public Ways and Facilities				
Services and supplies	2,920	2,920	63	2,857
Other charges	2	2	1	1
Total Public Ways and Facilities	2,922	2,922	64	2,858
Debt service:				
Principal	96	557		557
Interest		88	94	(6)
Total Expenditures	35,911	37,936	20,052	17,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,577)	(15,712)	5,177	20,889
Other Financing Sources (Uses):				
Transfers in	985	965		(965)
Transfers out	(4,057)	(2,961)	(102)	2,859
Total Other Financing Sources (Uses)	(3,072)	(1,996)	(102)	1,894
Net Change in Fund Balance	(17,649)	(17,708)	5,075	22,783
Fund Balance at Beginning of Year			17,572	17,572
Fund Balance at End of Year	$ (17,649)	(17,708)	22,647	40,355

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 4,736	4,944	5,041	97
Fines, forfeitures and penalties	336	336	398	62
Use of money and property	258	262	236	(26)
Intergovernmental	7,567	7,568	8,410	842
Charges for services	562	576	1,267	691
Other revenue	325	901	1,029	128
Total Revenues	13,784	14,587	16,381	1,794
Expenditures:				
General Government				
Services and supplies	3,923	3,923		3,923
Total General Government	3,923	3,923		3,923
Public Protection				
Salaries and benefits	1,717	1,745	1,308	437
Services and supplies	14,902	13,348	3,801	9,547
Other charges	2,872	3,812	3,652	160
Fixed assets	721	727	677	50
Expenditure transfers	5,632	5,347	3,445	1,902
Total Public Protection	25,844	24,979	12,883	12,096
Recreation and Culture				
Salaries and benefits	9	9	6	3
Services and supplies	235	200	137	63
Other charges	22	57	57	
Fixed assets	10	10		10
Expenditure transfers	6	6	4	2
Total Recreation and Culture	282	282	204	78
Total Expenditures	30,049	29,184	13,087	16,097
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,265)	(14,597)	3,294	17,891
Other Financing Sources (Uses):				
Transfers in	322	294	258	(36)
Transfers out	(1,333)	(72,008)	(2,887)	69,121
Total Other Financing Sources (Uses)	(1,011)	(71,714)	(2,629)	69,085
Net Change in Fund Balance	(17,276)	(86,311)	665	86,976
Fund Balance at Beginning of Year			20,667	20,667
Fund Balance at End of Year	$ (17,276)	(86,311)	21,332	107,643

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

COURTS AND CRIMINAL JUSTICE SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines, forfeitures and penalties	$ 2,002	2,002	2,462	460
Use of money and property			20	20
Intergovernmental		291	328	37
Total Revenues	2,002	2,293	2,810	517
Expenditures:				
General Government				
Services and supplies	1,091	(1,403)	(1,986)	583
Other charges	2,002	2,608	1,989	619
Total General Government	3,093	1,205	3	1,202
Public Protection				
Services and supplies	291	235	31	204
Other charges		1		1
Fixed assets		55	41	14
Total Public Protection	291	291	72	219
Total Expenditures	3,384	1,496	75	1,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,382)	797	2,735	1,938
Other Financing Uses:				
Transfers out		(2,178)	(1,986)	192
Total Other Financing Uses		(2,178)	(1,986)	192
Net Change in Fund Balance	(1,382)	(1,381)	749	2,130
Fund Balance at Beginning of Year			1,381	1,381
Fund Balance at End of Year	$ (1,382)	(1,381)	2,130	3,511

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

RECORDER/CLERK MODERNIZATION SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$			
Charges for services	1,339	1,339	4,447	3,108
Total Revenues	1,339	1,339	4,447	3,108
Expenditures:				
Public Protection				
Salaries and benefits	734	734	588	146
Services and supplies	5,549	5,539	525	5,014
Other charges	2	12	9	3
Fixed assets	2,019	2,019	51	1,968
Total Expenditures	8,304	8,304	1,173	7,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,965)	(6,965)	3,274	10,239
Other Financing Uses:				
Transfers out			(17)	(17)
Total Other Financing Uses			(17)	(17)
Net Change in Fund Balance	(6,965)	(6,965)	3,257	10,222
Fund Balance at Beginning of Year			6,966	6,966
Fund Balance at End of Year	$ (6,965)	(6,965)	10,223	17,188

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

LAND DEVELOPMENT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Licenses, permits and franchise fees	$ 10,611	10,611	18,154	7,543
Use of money and property	508	508	363	(145)
Intergovernmental		22	53	31
Charges for services	11,838	12,188	8,522	(3,666)
Other revenue	5,985	6,235	6,712	477
Total Revenues	28,942	29,564	33,804	4,240
Expenditures:				
Public Protection				
Salaries and benefits	8,114	8,053	7,339	714
Services and supplies	7,531	7,349	2,766	4,583
Other charges	1,515	1,748	1,423	325
Fixed assets	389	398	144	254
Expenditure transfers	14,997	14,908	12,792	2,116
Total Public Protection	32,546	32,456	24,464	7,992
Public Ways and Facilities				
Services and supplies	6,455	7,093	1,180	5,913
Other charges	173	256	254	2
Total Public Ways and Facilities	6,628	7,349	1,434	5,915
Total Expenditures	39,174	39,805	25,898	13,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,232)	(10,241)	7,906	18,147
Other Financing Sources (Uses):				
Transfers in			450	450
Transfers out			(273)	(273)
Total Other Financing Sources (Uses)			177	177
Net Change in Fund Balance	(10,232)	(10,241)	8,083	18,324
Fund Balance at Beginning of Year			10,941	10,941
Fund Balance at End of Year	$ (10,232)	(10,241)	19,024	29,265

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 1,715	1,715	1,760	45
Use of money and property	99	99	142	43
Total Revenues	1,814	1,814	1,902	88
Expenditures:				
Current:				
Public Assistance				
Services and supplies	6,533	4,502	21	4,481
Other charges	1,949	1,893	3,317	(1,424)
Fixed assets		2,009		2,009
Total Public Assistance	8,482	8,404	3,338	5,066
Debt service:				
Interest		79	79	
Capital outlay				
Total Expenditures	8,482	8,483	3,417	5,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,668)	(6,669)	(1,515)	5,154
Other Financing Sources (Uses):				
Transfers in	4,695	4,695	132	(4,563)
Transfers out			(332)	(332)
Total Other Financing Sources (Uses)	4,695	4,695	(200)	(4,895)
Net Change in Fund Balance	(1,973)	(1,974)	(1,715)	259
Fund Balance at Beginning of Year			1,880	1,880
Fund Balance at End of Year	$ (1,973)	(1,974)	165	2,139

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

CHILD DEVELOPMENT SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 8,307	9,437	8,623	(814)
Other revenue	4,919	5,205	6,131	926
Total Revenues	13,226	14,642	14,754	112
Expenditures:				
Current:				
Public Assistance				
Salaries and benefits	7,058	7,703	7,703	
Services and supplies	619	1,017	1,234	(217)
Other charges	647	540	539	1
Expenditure transfers	4,805	5,049	5,032	17
Total Public Assistance	13,129	14,309	14,508	(199)
Debt Service:				
Interest			9	(9)
Total Expenditures	13,129	14,309	14,517	(208)
Excess (Deficiency) of Revenues Over (Under) Expenditures	97	333	237	(96)
Other Financing Uses:				
Transfers out		(236)	(237)	(1)
Total Other Financing Uses		(236)	(237)	(1)
Net Change in Fund Balance	97	97		(97)
Fund Balance at Beginning of Year			(79)	(79)
Fund Balance at End of Year	$ 97	97	(79)	(176)

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$		1,263	1,263
Other revenue	1,294	1,294		(1,294)
Total Revenues	1,294	1,294	1,263	(31)
Expenditures:				
Public Assistance				
Salaries and benefits	802	802	653	149
Services and supplies	646	589	168	421
Other charges	25	81	80	1
Total Expenditures	1,473	1,472	901	571
Net Change in Fund Balance	(179)	(178)	362	540
Fund Balance at Beginning of Year			180	180
Fund Balance at End of Year	$ (179)	(178)	542	720

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 1,143	1,143	1,187	44
Licenses, permits and franchise fees	101	101	5	(96)
Fines, forfeitures and penalties	10	26	91	65
Use of money and property	1,523	1,528	677	(851)
Intergovernmental	958	805	768	(37)
Charges for services	3,211	3,674	3,817	143
Other revenue	35	1,684	1,773	89
Total Revenues	6,981	8,961	8,318	(643)
Expenditures:				
Current:				
General Government				
Services and supplies	3,656	2,337		2,337
Other charges	2	1,296	1,294	2
Expenditure transfers	34	59	49	10
Total General Government	3,692	3,692	1,343	2,349
Public Protection				
Salaries and benefits		10	110	(100)
Services and supplies	2,355	3,104	2,538	566
Other charges	4	6	36	(30)
Fixed assets		30	28	2
Expenditure transfers	185	753	740	13
Total Public Protection	2,544	3,903	3,452	451
Public Assistance				
Salaries and benefits	127	127	10	117
Services and supplies	10,361	9,713	1,409	8,304
Other charges	5	883	429	454
Fixed assets		386	386	
Expenditure transfers	149	149	119	30
Total Public Assistance	10,642	11,258	2,353	8,905
Debt service:				
Interest	800	800	285	515
Total Expenditures	17,678	19,653	7,433	12,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,697)	(10,692)	885	11,577
Other Financing Uses:				
Transfers out	(2,022)	(2,029)	(115)	1,914
Total Other Financing Uses	(2,022)	(2,029)	(115)	1,914
Net Change in Fund Balance	(12,719)	(12,721)	770	13,491
Fund Balance at Beginning of Year			20,265	20,265
Fund Balance at End of Year	$ (12,719)	(12,721)	21,035	33,756

DEBT SERVICE FUNDS

Debt Service Funds are used to account for accumulation of resources for, and payment of, principal and interest on the County's general long-term debt.

RECREATION AND PARK BONDS FUND

This Fund is used to accumulate monies for payment of recreation and park bonds. Financing is provided by specific property tax levies.

STORM DRAINAGE BONDS FUND

This Fund is used to accumulate monies for payment of storm drainage bonds. Financing is provided by specific property tax levies.

PUBLIC FINANCING AUTHORITY FUNDS

These Funds are used to accumulate resources for payment of general long-term debt incurred for the various financing activities of the County of Contra Costa Public Financing Authority.

PUBLIC FACILITIES CORPORATION FUNDS

These Funds are used to accumulate resources for payment of general long-term debt incurred for the various financing activities of the Contra Costa County Public Facilities Corporation. During 2002-2003 the last governmental financing activity accounted for as part of the Contra Costa County Public Facilities Corporation was defeased.

REDEVELOPMENT AGENCY (RDA) FUNDS

These Funds are used to accumulate resources for payment of general long-term debt incurred for the purchase of real property within the area of the Redevelopment Agency.

PENSION BOND FUND

This Fund is used to accumulate monies for payment of taxable pension obligation bonds. These bonds were issued to reduce or extinguish the County's unfunded actuarial accrued liability (UAAL).

ASSESSMENT DISTRICTS FUNDS

These Funds were established to account for the accumulation of monies for payment of Assessment District debt issued to fund Assessment District capital improvement projects.

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COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2003
(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Assets:			
Cash and investments	$ 23		27,482
Accounts receivable and accrued revenue	5		
Due from other funds			
Total Assets	28		27,482
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities			3,293
Due to other funds	2		
Advance from other funds			
Total Liabilities	2		3,293
Fund Balances:			
Reserved for:			
Debt service	26		6,580
Unreserved, designated for:			
Future projects			17,609
Total Fund Balances	26		24,189
Total Liabilities and Fund Balances	$ 28		27,482

Public Facilities Corporation	Redevelopment Agency	Pension Bond	Assessment Districts	Total
	7,205		5,345	40,055
	87	2,170	2	2,264
		17,142		17,142
	7,292	19,312	5,347	59,461
	1,074		240	4,607
	18	2,892		2,912
	92			92
	1,184	2,892	240	7,611
	6,108	16,420	5,107	34,241
				17,609
	6,108	16,420	5,107	51,850
	7,292	19,312	5,347	59,461

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Revenues:			
Taxes	$ 518	6	
Use of money and property			1,324
Intergovernmental	8		
Other revenue			12,527
Total Revenues	526	6	13,851
Expenditures:			
Current:			
Public Assistance	2		26,404
Capital outlay			10
Debt service:			
Principal	465	5	7,440
Bond issuance cost			441
Payment to refunded bond escrow agent			
Interest	62	1	7,943
Total Expenditures	529	6	42,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3)		(28,387)
Other Financing Sources (Uses):			
Transfers in			15,862
Transfers out			(23,464)
Proceeds from issuance of debt			25,757
Payment to CCCERA			
Payment to refunded bond escrow agent			
Total Other Financing Sources (Uses)			18,155
Net Change in Fund Balances	(3)		(10,232)
Fund Balances at Beginning of Year	29		34,421
Fund Balances at End of Year	$ 26		24,189

Public Facilities Corporation	Redevelopment Agency	Pension Bond	Assessment Districts	Total
	3,092		3,365	6,981
65	234	819	101	2,543
				8
		17,615		30,142
65	3,326	18,434	3,466	39,674
		3,594	26	30,026
				10
23,464	805	16,915	1,367	50,461
				441
3,272				3,272
	2,584	18,351	1,072	30,013
26,736	3,389	38,860	2,465	114,223
(26,671)	(63)	(20,426)	1,001	(74,549)
23,464	332	25,387		65,045
			(781)	(24,245)
		322,710		348,467
		(319,095)		(319,095)
(329)				(329)
23,135	332	29,002	(781)	69,843
(3,536)	269	8,576	220	(4,706)
3,536	5,839	7,844	4,887	56,556
	6,108	16,420	5,107	51,850

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

RECREATION AND PARK BONDS DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 529	529	518	(11)
Intergovernmental	5	5	8	3
Total Revenues	534	534	526	(8)
Expenditures:				
Current:				
Public Assistance	19	19	2	17
Debt service:				
Principal	420	420	465	(45)
Interest	124	124	62	62
Total Expenditures	563	563	529	34
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29)	(29)	(3)	26
Net Change in Fund Balance	(29)	(29)	(3)	26
Fund Balance at Beginning of Year			29	29
Fund Balance at End of Year	$ (29)	(29)	26	55

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

STORM DRAINAGE BONDS DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 6	6	6	
Expenditures:				
Debt service:				
Principal	5	5	5	
Interest	1	1	1	
Total Expenditures	6	6	6	
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balance				
Fund Balance at Beginning of Year				
Fund Balance at End of Year	$			

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 3,426	3,426	3,092	(334)
Use of money and property	50	50	234	184
Total Revenues	3,476	3,476	3,326	(150)
Expenditures:				
Debt service:				
Principal	805	805	805	
Interest	2,669	2,669	2,584	85
Total Expenditures	3,474	3,474	3,389	85
Excess (Deficiency) of Revenues Over (Under) Expenditures	2	2	(63)	(65)
Other Financing Sources:				
Transfers in			332	332
Total Other Financing Sources			332	332
Net Change in Fund Balance	2	2	269	267
Fund Balance at Beginning of Year			5,839	5,839
Fund Balance at End of Year	$ 2	2	6,108	6,106

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
PENSION BOND DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 1,063	1,063	819	(244)
Other revenue			17,615	17,615
Total Revenues	1,063	1,063	18,434	17,371
Expenditures:				
Current:				
Public Assistance	1,011	3,611	3,594	17
Debt service:				
Principal	11,753	11,753	16,915	(5,162)
Interest	21,682	21,682	18,351	3,331
Total Expenditures	34,446	37,046	38,860	(1,814)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,383)	(35,983)	(20,426)	15,557
Other Financing Sources (Uses):				
Transfers in	25,539	26,429	25,387	(1,042)
Proceeds from issuance of debt		322,710	322,710	
Payment to CCCERA		(321,000)	(319,095)	1,905
Total Other Financing Sources (Uses)	25,539	28,139	29,002	863
Net Change in Fund Balance	(7,844)	(7,844)	8,576	16,420
Fund Balance at Beginning of Year			7,844	7,844
Fund Balance at End of Year	$ (7,844)	(7,844)	16,420	24,264

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary funds.

REDEVELOPMENT AGENCY (RDA) FUNDS

The Redevelopment Agency was formed for the acquisition of real property and construction of improvements thereon in the County's unincorporated areas for the purpose of removing or preventing blight.

COUNTY FACILITIES FUNDS

These Funds are used to report improvements to Juvenile Hall facilities and other miscellaneous capital projects.

ASSESSMENT DISTRICTS FUNDS

These Funds were established to account for all the capital improvement projects constructed using Assessment District funds.

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2003
(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Assets:				
Cash and investments	$ 41,355	145	3,930	45,430
Accounts receivable and accrued revenue (net)	171			171
Due from other funds	148			148
Notes receivable	53			53
Land held for resale	122			122
Total Assets	$ 41,849	145	3,930	45,924
Liabilites and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 456	79	1	536
Due to other funds	857			857
Advances from other funds	1,348			1,348
Deferred revenue	65			65
Total Liabilities	2,726	79	1	2,806
Fund balances:				
Reserved for:				
Encumbrances	496			496
Land held for resale	122			122
Child care facilities program	552			552
Unreserved:				
Designated for capital projects	37,953			37,953
Undesignated		66	3,929	3,995
Total Fund Balances	39,123	66	3,929	43,118
Total Liabilities and Fund Balances	$ 41,849	145	3,930	45,924

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Revenues:				
Taxes	$ 3,946			3,946
Use of money and property	1,174	1	124	1,299
Intergovernmental	433			433
Other revenue	40			40
Total Revenues	5,593	1	124	5,718
Expenditures:				
Current:				
General government		37		37
Public assistance	5,317			5,317
Public ways and facilities			6,222	6,222
Debt service:				
Interest	24			24
Total Expenditures	5,341	37	6,222	11,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	252	(36)	(6,098)	(5,882)
Other Financing Uses:				
Transfers out	(132)			(132)
Total Other Financing Uses	(132)			(132)
Net Change in Fund Balance	120	(36)	(6,098)	(6,014)
Fund Balances at Beginning of Year	39,003	102	10,027	49,132
Fund Balances at End of Year	$ 39,123	66	3,929	43,118

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 7,380	7,380	3,946	(3,434)
Use of money and property	439	439	1,174	735
Intergovernmental	150	225	433	208
Charges for services		575		(575)
Other revenue	15	15	40	25
Total Revenues	7,984	8,634	5,593	(3,041)
Expenditures:				
Current:				
Public Assistance				
Salaries and benefits	15	15		15
Services and supplies	5,830	6,216		6,216
Other charges	39,771	39,765	5,317	34,448
Expenditure transfers	838	1,108		1,108
Total Public Assistance	46,454	47,104	5,317	41,787
Debt service:				
Interest			24	(24)
Total Expenditures	46,454	47,104	5,341	41,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,470)	(38,470)	252	38,722
Other Financing Sources (Uses):				
Transfers in	32,058	32,058		(32,058)
Transfers out			(132)	(132)
Total Other Financing Sources (Uses)	32,058	32,058	(132)	(32,190)
Net Change in Fund Balance	(6,412)	(6,412)	120	6,532
Fund Balance at Beginning of Year			39,003	39,003
Fund Balance at End of Year	$ (6,412)	(6,412)	39,123	45,535

COUNTY OF CONTRA COSTA

BUDGETARY COMPARISON SCHEDULE

COUNTY FACILITIES CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$		1	1
Total Revenues			1	1
Expenditures:				
Current:				
General Government				
Services and supplies	99	99	37	62
Total Expenditures	99	99	37	62
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99)	(99)	(36)	63
Net Change in Fund Balance	(99)	(99)	(36)	63
Fund Balance at Beginning of Year	102	102	102	
Fund Balance at End of Year	$ 3	3	66	63

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

Nonmajor Governmental Fund

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The County's Permanent Fund is included in the combining financial statements of the nonmajor governmental funds (starting on page 77).

LIBRARY GIFT PERMANENT FUND

This Fund is used to account for principal trust amounts received and related interest income. The interest portion of the Fund is used to support the County Libraries.

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

AIRPORT FUND

This Fund was established to account for the financial activities of the Buchanan Field and Byron Airport aviation facilities. Revenues include receipts under rental and lease arrangements involving County airport facilities, and State and federal aid.

HOUSING AUTHORITY FUNDS

These Funds are used to account for the financial resources designated for housing and housing assistance to low income residents of Contra Costa County.

SHERIFF LAW ENFORCEMENT TRAINING CENTER FUND

This Fund was established to account for the financial activities of the Sheriff Law Enforcement Training Center. The Center provides training to law enforcement personnel from the County Sheriff's Office and other agencies. Revenues include tuition fees paid by the student or law enforcement agency and State aid.

MAJOR RISK MEDICAL INSURANCE FUND

This Fund accounts for operations of the County's participation in the State's Major Risk Medical Insurance Program. The Program is designed to provide health insurance to Californians who are unable to obtain coverage on the open market. The Contra Costa Health Plan acts as the fiscal intermediary for the State. The County is not at risk for the costs of services in the Program, which is funded through a combination of subscriber premiums and State funding from tobacco tax monies.

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2003*

(In Thousands)

	Airport	Housing Authority	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Assets:					
Current assets:					
Cash and investments	$ 814	5,630			6,444
Accounts receivable and accrued revenue (net)	99	1,742	20	665	2,526
Inventories	6				6
Due from other funds	3		59		62
Notes receivable		3,613			3,613
Prepaid items and deposits	25	194			219
Total current assets	947	11,179	79	665	12,870
Capital assets:					
Nondepreciable	9,734	2,173			11,907
Depreciable, net	16,792	13,979	455		31,226
Total Assets	$ 27,473	27,331	534	665	56,003
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	$ 266	1,302	52	509	2,129
Accrued interest	24				24
Due to other funds	144		1,674	145	1,963
Deferred revenue		2,590			2,590
Current portion of long-term debt	375	325	3		703
Total current liabilities	809	4,217	1,729	654	7,409
Noncurrent portion of long-term liabilities:					
Capital lease obligations	1,605				1,605
Compensated absences	56	61	24		141
Bonds and notes payable	346	185			531
Total noncurrent portion of long-term liabilities	2,007	246	24		2,277
Total Liabilities	2,816	4,463	1,753	654	9,686
Net Assets:					
Invested in capital assets, net of related debt	24,207	16,151	455		40,813
Reserve for prepaid items and deposits		194			194
Unrestricted	450	6,523	(1,674)	11	5,310
Total Net Assets	24,657	22,868	(1,219)	11	46,317
Total Liabilities and Net Assets	$ 27,473	27,331	534	665	56,003

* Housing Authority Funds reported as of March 31, 2003.

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2003*

(In Thousands)

	Airport	Housing Authority	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Operating Revenues:					
Charges for services	$ 2,957	3,466	587	1,662	8,672
Other revenue	74	474	3		551
Total Operating Revenues	3,031	3,940	590	1,662	9,223
Operating Expenses:					
Salaries and employee benefits	1,236		1,088		2,324
Services and supplies	748		420	1,744	2,912
Other charges	508	79,460	71		80,039
Depreciation	1,876	3,130	3		5,009
Total Operating Expenses	4,368	82,590	1,582	1,744	90,284
Operating income (loss)	(1,337)	(78,650)	(992)	(82)	(81,061)
Nonoperating Revenues (Expenses):					
State and federal grants	978	77,227	468		78,673
Investment income	1	375			376
Interest expense	(212)				(212)
Gain/Loss on disposal of fixed assets		1			1
Total Nonoperating Revenue (Expenses)	767	77,603	468		78,838
Income/Loss Before Transfers	(570)	(1,047)	(524)	(82)	(2,223)
Transfers out	(51)		(20)		(71)
Change in Net Assets	(621)	(1,047)	(544)	(82)	(2,294)
Net Assets at Beginning of Year	25,278	23,915	(675)	93	48,611
Net Assets at End of Year	$ 24,657	22,868	(1,219)	11	46,317

*Housing Authority Funds reported as of March 31, 2003.

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003*
(In Thousands)

	Airport	Housing Authority	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Cash Flows from Operating Activities:					
Cash received from customers/other funds	$ 3,163	(545)	676	1,537	4,831
Cash payment to suppliers for goods and services	(1,273)	(80,280)	(370)	(1,352)	(83,275)
Cash payment to employees for services	(1,210)	19	(1,067)		(2,258)
Net Cash Provided by Operating Activities	680	(80,806)	(761)	185	(80,702)
Cash flows from Noncapital Financing Activities:					
State and federal grants	978	77,227	468		78,673
Transfers paid	(51)		(20)		(71)
Due to other funds			725	(185)	540
Net Cash Provided by (Used for) Noncapital Financing Activities	927	77,227	1,173	(185)	79,142
Cash Flows from Capital and Related Financing Activities					
Proceeds from long term borrowings	396				396
Acquisition and construction of capital assets	(1,184)	(1,699)	(412)		(3,295)
Interest paid	(170)				(170)
Lease purchase obligation principal payment	(600)				(600)
Principal paid on bonds and certificates	(422)				(422)
Net Cash Used in Capital and Related Financing Activities	(1,980)	(1,699)	(412)		(4,091)
Cash Flows from Investing Activities:					
Interest received on investments	1	375			376
Accrued interest receivable		(6)			(6)
Investments, net		(1)			(1)
Note receivable - investment		(2,000)			(2,000)
Net Cash Provided by (Used in) Investing Activities	1	(1,632)			(1,631)
Net Increase in Cash and Cash Equivalents	(372)	(6,910)			(7,282)
Cash and Cash Equivalents at Beginning of Year	1,186	12,540			13,726
Cash and Cash Equivalents at End of Year	$ 814	5,630			6,444
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:					
Operating Loss	$ (1,337)	(78,650)	(992)	(82)	(81,061)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	1,876	3,130	3		5,009
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Accounts receivable and accrued revenue	38	594	145	(125)	652
Inventories	3				3
Due from other funds	94		(59)		35
Prepaid items and deposits	32	(60)			(28)
Notes receivable		46			46
Increase (decrease) in:					
Accounts payable and accrued liabilities	24	(760)	(72)	505	(303)
Employee benefits payable	11		10		21
Due to other funds	(61)		204	(113)	30
Deferred revenue		(5,116)			(5,116)
Tenants deposits		(9)			(9)
Compensated absence		19			19
Net Cash Provided by (Used in) Operating Activities	$ 680	(80,806)	(761)	185	(80,702)
Noncash capital financing activities (Airport):					
Accrued interest	$ 24				24
Debt amortization	18				18

* Housing Authority Funds reported as of March 31, 2003.

INTERNAL SERVICE FUNDS

SELF-INSURANCE FUNDS

These Funds are established to account for administrative costs and for payments of claims under the various insurance programs. Revenues are primarily premiums paid by other operating funds and interest on investments. The insurance programs are:

Employee Dental Insurance
Long-Term Disability Insurance (Management Employees)
Workers' Compensation Insurance
- County General
- Fire Protection

Automotive Liability Insurance
Public (General) Liability Insurance
State Unemployment Insurance
Medical Liability Insurance
Special District Property Insurance

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2003
(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Assets:			
Cash and investments	$ 2,276	1,521	31,479
Accounts receivable and accrued revenue (net)	8	166	1,626
Due from other funds	675		2
Total Assets	$ 2,959	1,687	33,107
Liabilities and Equity:			
Liabilities:			
Due to other funds	$ 47	30	982
Claims payable:			
Current	472	189	16,315
Noncurrent		226	51,818
Total Liabilities	519	445	69,115
Net Assets:			
Unrestricted net assets	2,440	1,242	(36,008)
Total Net Assets	2,440	1,242	(36,008)
Total Liabilities and Net Assets	$ 2,959	1,687	33,107

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
5,319	1,903	30,690	2,288	4,166	675	80,317
376		17	97			2,290
3	53					733
5,698	1,956	30,707	2,385	4,166	675	83,340
360	16	327	12	59	2	1,835
1,845	407	2,560	221	987	14	23,010
8,577	994	15,764		5,603		82,982
10,782	1,417	18,651	233	6,649	16	107,827
(5,084)	539	12,056	2,152	(2,483)	659	(24,487)
(5,084)	539	12,056	2,152	(2,483)	659	(24,487)
5,698	1,956	30,707	2,385	4,166	675	83,340

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Operating Revenues:			
Charges for services	$ 8,667	804	20,561
Other revenue			
Total Operating Revenues	8,667	804	20,561
Operating Expenses:			
Salaries and employee benefits			
Services and supplies	505	102	3,355
Benefit and claim expense	7,120	860	35,912
Total Operating Expenses	7,625	962	39,267
Operating Income (Loss)	1,042	(158)	(18,706)
Nonoperating Revenues:			
Investment income	21	22	1,019
Income (Loss) Before Transfers	1,063	(136)	(17,687)
Transfers in			
Changes in Net Assets	1,063	(136)	(17,687)
Net Assets at Beginning of Year	1,377	1,378	(18,321)
Net Assets at End of Year	$ 2,440	1,242	(36,008)

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
1,456	614	4,732	975		439	38,248
		807				807
1,456	614	5,539	975		439	39,055
337	276		35	1,844	42	6,496
5,593	21		1,019	502	380	51,407
5,930	297		1,054	2,346	422	57,903
(4,474)	317	5,539	(79)	(2,346)	17	(18,848)
73		1,014	36		6	2,191
(4,401)	317	6,553	(43)	(2,346)	23	(16,657)
				4,000		4,000
(4,401)	317	6,553	(43)	1,654	23	(12,657)
(683)	222	5,503	2,195	(4,137)	636	(11,830)
(5,084)	539	12,056	2,152	(2,483)	659	(24,487)

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Cash Flows from Operating Activities:			
Cash received from customers/other funds	$ 7,984	638	20,467
Cash payment to suppliers for goods and services	(7,621)	(968)	(23,298)
Net Cash Provided by (Used for) Operating Activities	363	(330)	(2,831)
Cash Flows from Noncapital Financing Activities:			
Transfers received			
Net Cash Provided by (Used for) Noncapital Financing Activities			
Cash Flows from Investing Activities:			
Interest received on investments	21	22	1,019
Net Cash Provided by Investing Activities	21	22	1,019
Net Increase (Decrease) in Cash and Cash Equivalents	384	(308)	(1,812)
Cash and Cash Equivalents at Beginning of Year	1,892	1,829	33,291
Cash and Cash Equivalents at End of Year	$ 2,276	1,521	31,479
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ 1,042	(158)	(18,706)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable and accrued revenue	(8)	(166)	(92)
Due from other funds	(675)		(2)
Increase (decrease) in:			
Accounts payable and accrued liabilities		(10)	15,704
Due to other funds	4	4	265
Net Cash Provided by (Used for) Operating Activities	$ 363	(330)	(2,831)

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
1,203	634	7,271	958		440	39,595
(3,019)	(785)	(5,842)	(1,058)	(3,337)	(406)	(46,334)
(1,816)	(151)	1,429	(100)	(3,337)	34	(6,739)
				4,000		4,000
				4,000		4,000
73		1,014	36		6	2,191
73		1,014	36		6	2,191
(1,743)	(151)	2,443	(64)	663	40	(548)
7,062	2,054	28,247	2,352	3,503	635	80,865
5,319	1,903	30,690	2,288	4,166	675	80,317
(4,474)	317	5,539	(79)	(2,346)	17	(18,848)
(250)		58	(17)			(475)
(3)	20	1,674			1	1,015
2,684	(504)	(5,914)		(1,037)	14	10,937
227	16	72	(4)	46	2	632
(1,816)	(151)	1,429	(100)	(3,337)	34	(6,739)

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

FIDUCIARY FUNDS

AGENCY FUNDS

TAX LOSSES RESERVE

This Fund was established as a reserve for all delinquent secured taxes. It accumulates gains from tax sales and specified amounts of penalties and interest collected on delinquent secured taxes to cover possible future losses on the sale of tax-deeded property.

UNAPPORTIONED TAXES

These Funds account for unsecured taxes receivable, delinquent secured taxes, amounts which are impounded because of disputes or litigation and amounts held pending authority for apportionment.

OTHER AGENCIES

These Funds account for assets held by the County for individuals, private organizations and other governmental units. These Funds include payroll deduction clearing and collections clearing funds.

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Tax Losses Reserve:				
Assets:				
Cash and investments	$ 21,112	11,820	7,965	24,967
Due from other funds	5,983	5,435	5,983	5,435
Total Assets	$ 27,095	17,255	13,948	30,402
Liabilities:				
Due to other funds	$ 63	55	63	55
Tax loss guarantees	27,032	10,799	7,484	30,347
Total Liabilities	$ 27,095	10,854	7,547	30,402
Unapportioned Taxes:				
Assets:				
Accounts receivable	$ 966	29,895	5,007	25,854
Due from other funds	51	412,861	406,594	6,318
Taxes receivable	127,473	713,867	699,317	142,023
Total Assets	$ 128,490	1,156,623	1,110,918	174,195
Liabilities:				
Accounts payable	$ 28,970	42,992	8,340	63,622
Due to other funds	17,561	420,573	406,545	31,589
Unapportioned taxes	81,959	789,683	792,658	78,984
Total Liabilities	$ 128,490	1,253,248	1,207,543	174,195
Other Agencies:				
Assets:				
Cash and investments	$ 108,479	1,689,725	1,695,882	102,322
Accounts receivable	10,781	11,746	14,092	8,435
Due from other funds	3,763	11,423	5,199	9,987
Prepaid items and deposits		2,615	2,580	35
Total Assets	$ 123,023	1,715,509	1,717,753	120,779
Liabilities:				
Warrants outstanding	$ 40,133	732,907	736,541	36,499
Accounts payable	5,551	739,122	740,476	4,197
Due to other funds	7,719	15,484	9,368	13,835
Due to other agencies and districts	69,620	297,006	300,378	66,248
Total Liabilities	$ 123,023	1,784,519	1,786,763	120,779

(continued)

COUNTY OF CONTRA COSTA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Totals-Agency Funds:				
Assets:				
Cash and investments	$ 129,591	1,701,545	1,703,847	127,289
Accounts receivable	11,747	41,641	19,099	34,289
Due from other funds	9,797	429,719	417,776	21,740
Taxes receivable	127,473	713,867	699,317	142,023
Prepaid items and deposits		2,615	2,580	35
Total Assets	$ 278,608	2,889,387	2,842,619	325,376
Liabilities:				
Warrants outstanding	$ 40,133	732,907	736,541	36,499
Accounts payable	34,521	782,114	748,816	67,819
Due to other funds	25,343	436,112	415,976	45,479
Unapportioned taxes	81,959	789,683	792,658	78,984
Tax loss guarantees	27,032	10,799	7,484	30,347
Due to other agencies and districts	69,620	297,006	300,378	66,248
Total Liabilities	$ 278,608	3,048,621	3,001,853	325,376

(concluded)

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

THE SEAL OF
CONTRA COSTA COUNTY CALIFORNIA

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNDING SOURCES

JUNE 30, 2003

(In Thousands)

General Capital Assets:		
Land	$	62,016
Buildings and improvements		323,764
Buildings and improvements - lease purchases		132,558
Equipment		104,843
Equipment - lease purchase		7,366
Infrastructure		319,802
Construction in progress		83,366
Total Governmental Funds Capital Assets	$	1,033,715
Investments in Capital Assets from:		
General obligation bonds	$	19,758
Federal grants		62,601
State grants		63,090
General fund		419,555
Special revenue funds		464,685
Other government agencies		2,590
Gifts		1,436
Total Governmental Funds Capital Assets	$	1,033,715

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2003

(In Thousands)

Function and Activity	Total	Land	Buildings & Improve - ments	Buildings & Improvements Lease Purchases	Equipment
General Government:					
Legislative and administrative	$ 492				492
Finance	1,057		9		965
Counsel	27				27
Personnel	196				196
Elections	1,849				1,849
Communications	4,397		13		3,683
Property management	24,508		1,092	1,694	21,311
Plant acquisition	498,667	54,399	252,935	130,864	543
Other general	7,773				5,497
Total General Government	538,966	54,399	254,049	132,558	34,563
Public Protection:					
Judicial	1,669				1,651
Police protection	15,885	7	1,428		12,525
Detention and correction	35,232	1,492	30,988		1,710
Fire protection	50,475	2,020	18,961		29,494
Flood control	154,940	177	24		1,345
Protective inspection	2,333				2,333
Other protection	4,839		2,607		2,212
Total Public Protection	265,373	3,696	54,008		51,270
Health and Sanitation:					
Health	2,069		6		2,063
Hospital care	745	140			560
Sanitation	1,006		924		82
Total Health and Sanitation	3,820	140	930		2,705
Public Assistance:					
Assistance administration	4,717				4,451
Aid programs	1,083				578
Veteran's services	7				7
Other assistance	4,110	2,794	321		979
Total Public Assistance	9,917	2,794	321		6,015
Education:					
Library services	7,486	349	5,820		1,317
Agricultural education	6				6
Total Education	7,492	349	5,820		1,323
Public Ways and Facilities:					
Public ways	203,281	141	4,292		8,942
Total Public Ways and Facilities	203,281	141	4,292		8,942
Recreation and Cultural Services:					
Veteran's memorial buildings	25				25
Recreation facilities	4,841	497	4,344		
Total Recreation and Cultural Services	4,866	497	4,344		25
Total General Capital Assets	$ 1,033,715	62,016	323,764	132,558	104,843

Equipment Lease Purchases	Infrastructure	Construction in Progress
83		
701		
411		
		59,926
2,276		
3,471		59,926
18		
1,925		
1,042		
	138,635	14,759
20		
3,005	138,635	14,759
45		
45		
266		
505		
16		
787		
58	181,167	8,681
58	181,167	8,681
7,366	319,802	83,366

COUNTY OF CONTRA COSTA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

Function and Activity	Balance July 1, 2002	Additions	Deletions	Transfers	Balance June 30, 2003
General Government:					
Legislative and administrative	$ 476	34	(7)	(11)	492
Finance	1,008	129	(80)		1,057
Counsel	47	9	(14)	(15)	27
Personnel	61	120		15	196
Elections	1,849				1,849
Communications	4,339	72	(14)		4,397
Property management	22,462	3,097	(678)	(373)	24,508
Plant acquisition	461,267	38,449	(1,049)		498,667
Other general	6,826	1,473	(537)	11	7,773
Total General Government	498,335	43,383	(2,379)	(373)	538,966
Public Protection:					
Judicial	1,503	178	(52)	40	1,669
Police protection	13,585	3,409	(1,056)	(53)	15,885
Detention and correction	35,536	150	(484)	30	35,232
Fire protection	46,184	5,280	(989)		50,475
Flood control	149,457	2,985	(126)	2,624	154,940
Protective inspection	2,308	203	(106)	(72)	2,333
Other protection	4,777	89	(99)	72	4,839
Total Public Protection	253,350	12,294	(2,912)	2,641	265,373
Health and Sanitation:					
Health	2,421	626	(1,267)	289	2,069
Hospital care	817	10	(66)	(16)	745
Sanitation	1,006				1,006
Total Health and Sanitation	4,244	636	(1,333)	273	3,820
Public Assistance:					
Assistance administration	3,213	1,484	(18)	38	4,717
Aid programs	340	700	(17)	60	1,083
Veteran's services	7				7
Other assistance	2,944	2,596	(1,430)		4,110
Total Public Assistance	6,504	4,780	(1,465)	98	9,917
Education:					
Library services	7,231	255			7,486
Agricultural education	6				6
Total Education	7,237	255			7,492
Public Ways and Facilities:					
Public ways	191,632	14,894	(606)	(2,639)	203,281
Total Public Ways and Facilities	191,632	14,894	(606)	(2,639)	203,281
Recreation and Cultural Services:					
Veteran's memorial buildings	25				25
Recreation facilities	4,831	10			4,841
Total Recreation and Cultural Services	4,856	10			4,866
Total Governmental Funds Capital Assets	$ 966,158	76,252	(8,695)		1,033,715

STATISTICAL SECTION

COUNTY OF CONTRA COSTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

GOVERNMENTAL ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2003

(In Thousands)

Function		Amount	Percentage of Total
General government	$	91,367	7.7 %
Public protection		403,297	33.9
Health and sanitation		209,772	17.6
Public assistance		372,499	31.3
Education		18,822	1.6
Public ways and facilities		58,886	5.0
Recreation and culture		875	0.1
Interest on debt		33,029	2.8
	$	1,188,547	100.0 %

COUNTY OF CONTRA COSTA
GOVERNMENT-WIDE REVENUES
GOVERNMENTAL ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

Program Revenues	Amount	Percentage of Total
Charges for services	$ 277,375	22.7 %
Operating grants and contributions	538,684	44.0
Capital grants and contributions	12,332	1.0
General Revenues		
Taxes	256,920	21.0
Grants/contributions not restricted	83,035	6.8
Investment earnings	18,347	1.5
Other	36,140	3.0
Total Program and General Revenues	$ 1,222,833	100.0 %

COUNTY OF CONTRA COSTA

GENERAL COUNTY REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter-governmental	Charges for Services	Other	Total
1994	$ 173,384	12,529	12,654	27,953	448,668	102,545	14,750	792,483
1995	167,185	13,332	21,306	30,600	478,350	140,354	14,923	866,050
1996	179,431	14,569	20,477	33,903	470,211	130,087	21,360	870,038
1997	184,805	14,265	17,343	35,457	469,257	127,208	25,585	873,920
1998	179,331	14,194	16,249	42,168	471,208	130,468	19,844	873,462
1999	192,915	16,221	17,088	40,649	502,908	145,210	27,283	942,274
2000	204,383	20,395	19,000	37,956	564,289	169,240	35,020	1,050,283
2001	296,644	25,749	18,296	43,632	490,842	188,545	27,166	1,090,874
2002	322,635	35,277	18,525	23,764	545,724	196,588	94,280	1,236,793
2003	343,321	37,748	18,233	16,154	547,651	219,894	125,090	1,308,091

NOTE: Includes all governmental fund types.

COUNTY OF CONTRA COSTA

GENERAL COUNTY EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1994	$ 66,008	229,263	154,556	275,713	9,260	34,743	40,817	810,360
1995	69,828	270,099	157,787	293,294	9,394	35,336	80,156	915,894
1996	84,137	257,933	138,243	286,457	12,878	39,536	72,515	891,699
1997	79,195	272,415	132,432	272,163	11,439	32,566	65,904	866,114
1998	85,786	266,707	147,867	268,633	11,774	33,071	76,088	889,926
1999	108,963	287,538	157,041	289,570	12,828	45,855	72,385	974,180
2000	101,772	307,260	164,142	302,690	14,216	50,508	84,363	1,024,951
2001	106,380	325,821	161,220	294,317	14,589	54,611	79,084	1,036,022
2002	130,351	378,011	182,164	337,673	16,367	88,830	95,164	1,228,560
2003	135,197	426,662	201,140	383,360	18,414	79,119	89,244	1,333,136

NOTE: Includes all governmental fund types. Health and Sanitation includes transfers to the County Hospital Enterprise and Health Maintenance Organization (HMO) Enterprise Funds ($46,759,000 for fiscal year 2002-2003).

COUNTY OF CONTRA COSTA

GENERAL COUNTY REVENUES BY SOURCE - CONSTANT DOLLARS (1)(2)

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter-governmental	Charges For Services	Other	Total
1994	$ 117,716	8,506	8,591	18,978	304,615	69,621	10,014	538,041
1995	111,290	8,875	14,183	20,369	318,422	93,429	9,934	576,502
1996	117,301	9,524	13,387	22,164	307,394	85,043	13,964	568,777
1997	117,287	9,053	11,007	22,503	297,815	80,733	16,238	554,636
1998	110,087	8,713	9,975	25,886	289,262	80,091	12,182	536,196
1999	114,083	9,593	10,105	24,038	297,403	85,872	16,134	557,228
2000	115,962	11,572	10,780	21,535	320,164	96,023	19,870	595,906
2001	159,332	13,830	9,827	23,435	263,638	101,270	14,591	585,923
2002	173,292	18,948	9,950	12,764	293,116	105,590	50,639	664,299
2003	175,720	19,320	9,332	8,268	280,300	112,547	64,024	669,511

NOTES: (1) Includes all governmental fund types.

(2) The information for the years 1994 through 2003 has been adjusted using the average Consumer Price Index-Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA

GENERAL COUNTY EXPENDITURES BY FUNCTION - CONSTANT DOLLARS (1) (2)

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1994	$ 44,815	155,654	104,933	187,191	6,287	23,588	27,712	550,180
1995	46,482	179,796	105,034	195,236	6,253	23,522	53,357	609,680
1996	55,003	168,620	90,375	187,268	8,419	25,846	47,406	582,937
1997	50,261	172,889	84,048	172,729	7,260	20,668	41,826	549,681
1998	52,662	163,724	90,772	164,907	7,228	20,301	46,708	546,302
1999	64,437	170,040	92,869	171,242	7,586	27,117	42,806	576,097
2000	57,743	174,332	93,130	171,739	8,066	28,657	47,866	581,533
2001	57,138	175,003	86,594	158,082	7,836	29,332	42,477	556,462
2002	70,013	203,035	97,843	181,369	8,791	47,712	51,114	659,877
2003	69,197	218,375	102,948	196,213	9,425	40,495	45,677	682,330

NOTES: (1) Includes all governmental fund types. Health and Sanitation includes transfers to the County Hospital and HMO Enterprise Funds in constant dollars ($23,932,337 for fiscal year 2002-2003).

(2) The information for the years 1994 through 2003 has been adjusted using the average Consumer Price Index - Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA

ASSESSED VALUE OF TAXABLE PROPERTY (1)

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Assessed Value					Net Increase	
	Real Property	Personal Property	Total	Exemptions	Assessed Value of Taxable Property	Amount	Percentage
1994	$ 61,824,575	$ 2,685,105	$ 64,509,680	$ 1,081,984	$ 63,427,696	$ 2,034,375	3.31 %
1995	63,992,943	2,406,789	66,399,732	1,105,367	65,294,365	1,866,669	2.94
1996	65,949,619	2,417,931	68,367,550	1,221,088	67,146,462	1,852,097	2.84
1997	67,846,683	2,657,824	70,504,507	1,262,407	69,242,100	2,095,638	3.12
1998	69,194,267	2,513,679	71,707,946	1,393,145	70,314,801	1,072,701	1.55
1999	72,525,051	2,728,990	75,254,041	1,554,486	73,699,555	3,384,754	4.81
2000	77,475,617	2,495,049	79,970,666	1,683,078	78,287,588	4,588,033	6.23
2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	6,340,390	8.10
2002	92,091,316	3,350,098	95,441,414	1,951,214	93,490,200	8,862,222	10.47
2003	99,461,281	3,570,777	103,032,058	2,106,357	100,925,701	7,435,501	7.95

NOTE: (1) Article XIIIA, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased: a) to reflect annual inflation up to 2 percent; b) to reflect current market value at time of ownership change; and c) to reflect market value for new construction.

COUNTY OF CONTRA COSTA

GENERAL TAXES LEVIED AND COLLECTED

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Taxes Levied (1)	General Taxes Collected (2)
1994	$ 634,276,960	$ 634,276,960
1995	652,943,650	652,943,650
1996	671,464,620	671,464,620
1997	692,421,000	692,421,000
1998	703,148,010	703,148,010
1999	736,995,550	736,995,550
2000	782,875,880	782,875,880
2001	846,279,780	846,279,780
2002	934,902,000	934,902,000
2003	1,009,257,010	1,009,257,010

NOTES: (1) General taxes are calculated at 1 percent of total assessed value less local exemptions.

(2) General County taxes collected are the same as the amounts levied, because the County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the County and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Fund insures losses resulting when a property is sold for taxes, and the proceeds are insufficient to pay the outstanding amounts due.

COUNTY OF CONTRA COSTA

SPECIAL ASSESSMENTS LEVIED AND COLLECTED

LAST TEN FISCAL YEARS (1)

Fiscal Year Ended June 30	Special Assessments Levied (2)	Special Assessments Collected (3)
1995	$ 4,809,648	$ 4,809,648
1996	3,693,552	3,693,552
1997	3,232,099	3,232,099
1998	2,946,192	2,946,192
1999	3,155,064	3,155,064
2000	3,027,937	3,027,937
2001	3,030,800	3,030,800
2002	2,600,958	2,600,958
2003	3,146,839	3,146,839

NOTES: (1) Data for this schedule are provided for years in which special assessment debt with government comitment has been reported separately in the CAFR. Data are not available for years prior to fiscal year 1994-1995.

(2) Special assessments are amounts levied to pay special assessment debt with government commitment.

(3) Special assessments collected are the same as the amounts levied, because the County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the County and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Fund insures losses resulting when a property is sold for taxes, and the proceeds are insufficient to pay the outstanding amounts due.

COUNTY OF CONTRA COSTA

PROPERTY TAX RATES (1)

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	County-wide Rate	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total
1994	1.0000	.0011	.0068	.0321	.0190	.0143	1.0733
1995	1.0000	.0010	.0071	.0314	.0206	.0147	1.0748
1996	1.0000	.0010	.0068	.0338	.0223	.0153	1.0792
1997	1.0000	.0010	.0064	.0309	.0263	.0148	1.0794
1998	1.0000	.0009	.0063	.0304	.0297	.0142	1.0815
1999	1.0000	.0008	.0061	.0262	.0342	.0139	1.0812
2000	1.0000	.0006	.0055	.0091	.0334	.0135	1.0621
2001	1.0000	.0006	.0047	.0067	.0318	.0131	1.0569
2002	1.0000	.0005	.0044	.0074	.0357	.0133	1.0613
2003	1.0000	.0005	.0042	.0067	.0360	.0130	1.0604

NOTE: (1) In June 1978, California voters approved Proposition 13 which restricted the taxing power of local government agencies. Individual agencies do not establish their own property tax rates, except for voter approved indebtedness. Instead, a countywide rate is levied with the proceeds distributed to all agencies according to formulas specified by the State legislature. The countywide rate is 1 percent of full cash value ($1 per $100 of taxable assessed valuation). The rates shown above are percentages of assessed valuation.

COUNTY OF CONTRA COSTA

PROPERTY TAXES

DIRECT AND ALL OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	County	County Special Districts	Local Special Districts	Schools	Cities	Redevelopment Agency	Totals
1994	$ 101,541	75,565	143,162	335,343	127,425	58,774	841,810
1995	97,074	75,845	147,215	364,439	132,043	58,766	875,382
1996	100,025	78,752	157,323	374,506	136,030	59,137	905,773
1997	102,991	81,617	157,386	383,348	137,713	61,122	924,177
1998	103,519	84,097	169,578	390,822	134,065	62,598	944,679
1999	109,632	79,057	178,329	416,242	139,426	65,433	988,119
2000	115,829	81,995	176,174	444,126	144,964	71,203	1,034,291
2001	123,479	90,555	188,040	479,738	154,298	78,553	1,114,663
2002	134,411	98,966	213,930	535,689	168,551	93,530	1,245,077
2003	145,707	106,385	235,679	588,391	175,365	105,119	1,356,646

NOTE: This schedule shows the property tax levies by major group of taxing agencies.

COUNTY OF CONTRA COSTA

PROPERTY TAX LEVIES AND DELINQUENCIES

Fiscal Year Ended June 30,	Total Current Year Tax Levy	Portion of Current Levy Delinquent at June 30	Percentage of Current Levy Delinquent at June 30	Total Delinquent Taxes at June 30 for all Years	Tax Losses Reserve Fund at June 30	Reserve as a Percentage of Delinquent Taxes
1976	$ 290,128,126	$ 5,120,237	1.76 %	$ 11,678,432	$ 8,612,344	73.75 %
1977	331,632,809	4,728,220	1.43	11,167,061	10,073,672	90.21
1978	373,950,185	5,943,840	1.59	12,270,176	11,614,986	94.66
1979	196,482,131	3,501,345	1.78	9,313,032	10,132,029	108.79
1980	202,823,519	4,911,417	2.42	10,040,343	10,206,725	101.66
1981	237,630,961	7,195,889	3.03	12,244,759	7,213,929	58.91
1982	264,897,190	10,557,491	3.99	17,041,514	8,700,583	51.06
1983	294,757,661	10,281,578	3.49	19,398,576	11,158,615	57.52
1984	319,869,578	9,216,399	2.88	18,963,037	14,330,673	75.57
1985	356,956,194	10,646,452	2.98	19,856,715	18,166,548	91.49
1986	403,053,585	11,865,967	2.94	23,885,971	22,766,159	95.31
1987	436,570,280	12,330,764	2.82	23,465,796	17,393,902	74.12
1988	487,158,795	13,955,266	2.86	25,072,647	18,430,198	73.51
1989	535,212,918	13,387,564	2.50	24,460,470	20,125,551	82.28
1990	593,937,412	14,746,710	2.48	24,942,747	21,797,766	87.39
1991	669,071,124	19,762,687	2.95	31,374,327	24,093,615	76.79
1992	714,963,082	24,787,991	3.47	41,780,835	26,558,333	63.57
1993	760,559,294	24,239,204	3.19	46,553,277	29,042,152	62.38
1994	794,435,830	20,652,106	2.60	43,996,595	31,225,565	70.97
1995	823,495,651	20,640,379	2.51	43,587,741	24,709,211	56.69
1996	854,519,586	18,296,237	2.14	41,993,380	18,670,811	44.46
1997	869,580,974	18,057,023	2.08	42,022,344	17,154,539	40.82
1998	892,581,453	15,547,736	1.74	37,200,417	19,508,732	52.44
1999	939,437,116	15,375,159	1.64	32,858,406	21,322,269	64.89
2000	981,579,866	15,904,158	1.62	31,563,440	22,826,720	72.32
2001	1,062,831,354	16,728,410	1.57	31,050,012	24,247,987	78.09
2002	1,187,173,140	20,551,776	1.73	33,941,546	27,032,058	79.64
2003	1,293,561,117	25,574,249	1.98	34,508,149	30,347,321	87.94

COUNTY OF CONTRA COSTA

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA (1)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population	Assessed Value of Taxable Property	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1994	868,600	$ 63,427,697,000	$ 374,392,000	$ 1,233,000	$ 373,159,000	0.588	429.61
1995	883,390	65,294,365,000	373,161,000	2,616,000	370,545,000	0.567	419.46
1996	870,724	67,146,462,000	366,517,000	2,371,000	364,146,000	0.542	418.21
1997	879,206	69,242,100,000	360,830,000	2,513,000	358,317,000	0.517	407.55
1998	900,688	70,314,801,000	352,965,000	2,766,000	350,199,000	0.498	388.81
1999	916,403	73,699,555,000	317,695,000	2,711,000	314,984,000	0.427	343.72
2000	930,025	78,287,588,000	304,635,000	3,857,000	300,778,000	0.384	323.41
2001	972,103	84,627,978,000	299,270,000	10,656,000	288,614,000	0.341	296.90
2002	981,555	93,490,200,000	282,905,000	7,875,000	275,030,000	0.294	280.20
2003	994,908	100,925,701,000	588,230,000	19,340,000	568,890,000	0.564	571.80

NOTE: (1) Does not include Public Financing Authority debt, Public Facilites Corporation debt, Redevelopment Agency debt nor Assessment District with government commitment.

COUNTY OF CONTRA COSTA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	New Dwelling Units (1)		Construction Valuation		Bank Deposits (2)
	Single Family	Multiple Family	Residential	Non-Residential	
1993	3,026	451	$ 590,000,000	$ 183,156,000	$ 11,462,467,000
1994	3,682	230	583,734,000	164,684,000	12,804,748,000
1995	3,137	618	619,685,000	190,443,000	13,193,883,000
1996	3,080	450	584,108,000	170,069,000	14,194,988,000
1997	3,105	381	582,793,000	173,055,000	15,210,082,000
1998	3,144	999	738,939,000	180,794,000	15,500,256,000
1999	3,909	504	852,256,000	235,905,000	17,746,965,000
2000	3,692	1,071	841,990,000	234,752,000	19,744,740,000
2001	4,144	776	921,370,000	403,641,000	19,042,604,000
2002	4,996	561	1,242,412,000	328,854,000	16,267,338,000

Source (1) Economic Sciences Corp: 1993-2002

(2) "All Institution Deposits", Federal Deposit Insurance Corporation.

NOTE: Information for the fiscal year ended June 30, 2003 is not yet available.

Assessed Value of Taxable Property

Residential	Commercial	Industrial	Land	Total
$ 40,184,960,000	$ 7,655,329,000	$ 12,413,013,000	$ 1,140,017,000	$ 61,393,319,000
42,295,193,000	7,602,074,000	12,357,698,000	1,172,732,000	63,427,697,000
43,971,060,000	7,556,205,000	12,591,768,000	1,175,332,000	65,294,365,000
45,312,034,000	7,448,151,000	13,281,211,000	1,105,065,000	67,146,461,000
46,568,404,000	8,805,645,000	12,775,064,000	1,092,987,000	69,242,100,000
47,836,713,000	9,456,047,000	11,924,385,000	1,097,656,000	70,314,801,000
50,500,004,000	9,865,342,000	12,187,476,000	1,146,733,000	73,699,555,000
54,364,322,000	10,563,204,000	12,026,728,000	1,333,334,000	78,287,588,000
59,629,822,000	11,590,814,000	11,955,053,000	1,452,289,000	84,627,978,000
65,623,988,000	12,661,762,000	13,497,562,000	1,662,636,000	93,445,948,000

COUNTY OF CONTRA COSTA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES (2)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio Of Debt Service To Total General Expenditures
1994	$ 614,000	$ 6,021,000	$ 6,635,000	$ 810,360,000	.0082
1995	1,278,000	22,338,000	23,616,000	915,893,000	.0258
1996	4,000,000	22,435,000	26,435,000	891,699,000	.0296
1997	5,703,000	22,242,000	27,945,000	866,114,000	.0323
1998	7,475,000	21,952,000	29,427,000	889,926,000	.0331
1999	9,370,000	21,539,000	30,909,000	974,180,000	.0317
2000	11,325,000	20,952,000	32,277,000	1,024,951,000	.0315
2001	15,730,000	18,330,000	34,060,000	1,036,022,000	.0329
2002	16,365,000	19,439,000	35,804,000	1,228,560,000	.0291
2003	17,385,000	18,414,000	35,799,000	1,333,136,000	.0269

NOTES: (1) Includes all governmental fund types.

(2) Does not include Public Financing Authority, Public Facilities Corporation, Redevelopment Agency nor Assessment District debt.

COUNTY OF CONTRA COSTA

COMPUTATION OF LEGAL DEBT MARGIN

YEAR ENDED JUNE 30, 2003

(In Thousands)

Assessed Value of Taxable Property	$	100,925,701
Debt Limit Five Percent of Assessed Value (1)	$	5,046,285
Amount of Debt Applicable to Debt Limit (2)		
Total Bonded Debt		641,810
Less: Assets in Debt Service Funds		26,632
Total Amount of Debt Applicable to Debt Limit		615,178
Legal Debt Margin	$	4,431,107

NOTES: (1) Section 29909 of the California Government Code limits General Obligation Bond indebtedness to five percent of the total assessed valuation of all taxable real and personal property within the County.

(2) Does not include Public Financing Authority, Public Facilities Corporation nor Assessment District debt.

COUNTY OF CONTRA COSTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

	Debt Applicable July 1, 2003 [1]	
	Percentage	Amount
DIRECT GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	100.000	$ 322,655,000 [2]
Contra Costa County Pension Obligations	100.000	587,220,000
TOTAL DIRECT DEBT		909,875,000
OVERLAPPING DEBT:		
Contra Costa County Board of Education Cert. of Participation	100.000	2,400,000
Alameda-Contra Costa Transit District Cert. of Participation	10.618	2,369,407
East Bay Municipal Water District and Special District No. 1	46.410 + 6.023	4,877,667
Acalanes and Liberty Union High School Districts	100.000	174,162,358
Martinez Unified School District	100.000	39,400,888
Pittsburg Unified School District	100.000	27,815,000
Lafayette School District	100.000	27,550,000
San Ramon Valley Unified School District & Educ. Facility Corp.	100.000	21,800,000
San Ramon Valley Unified School District	100.000	129,932,132
Other School Districts' Overlapping Tax and Assessment Debt	.424-100.000	48,900,361
Antioch Unified School District Certificates of Participation	100.000	18,537,769
Other School Districts' General Fund Obligations	.139-100.000	42,308,170
Cities' Overlapping Tax and Assessment Debt	100.000	20,349,977
City of Concord General Fund and Judgment Obligations	100.000	36,785,000
City of Richmond General Fund Obligations	100.000	49,596,929
City of Richmond Pension Obligations	100.000	29,660,000
City of Antioch General Fund Obligations	100.000	30,958,452
City of San Ramon General Fund Obligations	100.000	22,125,000
Other Cities' General Fund Obligations	100.000	46,918,944
East Bay Regional Park District	44.742	71,801,962
Other Special Districts' Cert. of Participation	100.000	12,775,000
Other Special Districts' Overlapping Tax and Assessment Debt	100.000	1,010,000
Community Facilities District	100.000	263,130,000
1915 Act Assessment Bonds (Estimate)	100.000	461,403,259
West Contra Costa Unified School District	100.000	216,455,000
Mt. Diablo Unified School District	100.000	69,400,000
Contra Costa Community College District	100.000	50,000,000
Brentwood Union School District	100.000	26,859,285
Walnut Creek School District	100.000	26,510,000
TOTAL OVERLAPPING DEBT		1,975,792,560

(continued)

COUNTY OF CONTRA COSTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

TOTAL GROSS DIRECT AND OVERLAPPING DEBT		2,885,667,560
Less: San Ramon Unified School Dist. Certificates of Participation (Self-supporting from GIC from Bayerische Landesbank)		1,495,000
East Bay Municipal Utility District (100% Self-Supporting)		2,364,269
TOTAL NET DIRECT AND OVERLAPPING DEBT		$ 2,881,808,291
2002 - 2003 Assessed Value of Taxable Property	$ 100,925,701,000	
Less: Redevelopment Increments	10,070,678,634	
Adjusted Assessed Valuation	$ 90,855,022,366	
Population	994,908	

	Ratio to Full Cash Value (%)	Per Capita
Direct Debt (Includes County Lease Revenue Obligations)	1.00	$ 915
Total Gross Direct and Overlapping Debt	3.18	2,900
Total Net Direct and Overlapping Debt	3.17	2,897

(1) Source: The offical statement, County of Contra Costa, California Public Financing Authority Lease Revenue Bonds 2003 Series A. Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(2) Excludes the notes and the $18,500,000 Public Financing Authority Lease Revenue Bonds 2003 Series A, delivered by the County on August 14, 2003.

(concluded)

COUNTY OF CONTRA COSTA
TEN PRINCIPAL TAXPAYERS
YEAR ENDED JUNE 30, 2003

Taxpayer	Type of Business	2002 - 2003 Secured Assessed Valuation	Percent Of Total Secured Assessed Valuation
Chevron USA	Petroleum Refining	$ 2,219,961,924	2.20 %
Equilon Enterprise	Petroleum Refining	1,284,827,101	1.27
Pacific Gas & Electric	Utility	783,310,152	0.78
Southern Bell Company	Utility	733,047,145	0.73
Tosco Corporation	Petroleum Refining	612,485,895	0.61
Mirant Delta	Utility	593,479,592	0.59
Seeno & Associates	Construction	421,799,158	0.42
Tesoro Petroleum	Petroleum Refining	409,046,792	0.41
WFB Real Estate	Real Estate Financing	354,470,580	0.35
GMAC Commercial	Real Estate Financing	347,778,639	0.34
		$ 7,760,206,978	7.70 %

COUNTY OF CONTRA COSTA

DEMOGRAPHICS - POPULATION

Jurisdiction	Date of Incor - poration	1960	1970	Special Census 1975	1980	1990	2000	2003
Antioch	2/2/1872	17,305	28,060	33,215	43,559	61,379	84,485	99,295
Brentwood	1/1/1948	2,186	2,649	3,662	4,434	7,515	23,090	33,021
Clayton	3/18/1964		1,385	1,790	4,325	7,219	11,373	10,981
Concord	2/2/1905	36,208	85,164	94,673	103,251	110,640	114,932	124,850
Danville	7/1/1982					28,675	40,484	43,215
El Cerrito	8/20/1917	25,437	25,190	22,950	22,731	22,684	23,874	23,531
Hercules	12/15/1900	310	252	121	5,963	16,554	19,552	20,489
Lafayette	7/22/1968		20,484	19,628	20,879	24,482	24,360	24,402
Martinez	4/1/1876	9,604	16,506	18,702	22,582	33,510	37,034	36,892
Moraga	11/13/1974			14,418	15,014	14,780	17,006	16,513
Oakley	7/1/1999							27,001
Orinda	7/1/1985					16,704	17,436	17,830
Pinole	6/25/1903	6,064	13,266	15,337	14,253	17,147	18,657	19,502
Pittsburg	6/22/1903	19,062	20,651	24,347	33,034	47,190	54,383	61,067
Pleasant Hill	11/14/1961		24,610	25,398	25,124	31,115	33,169	33,676
Richmond	8/7/1905	71,584	79,043	70,126	74,676	83,718	94,369	101,373
San Pablo	4/26/1948	19,687	21,461	19,392	19,750	24,709	26,827	30,761
San Ramon	7/1/1983					34,170	45,704	47,060
Walnut Creek	10/19/1914	9,903	39,844	46,034	53,643	60,542	64,710	65,995
Total Incorporated		217,350	378,565	409,793	463,218	642,733	751,445	837,454
Unincorporated		191,680	177,240	173,036	194,034	154,548	178,580	157,454
TOTAL COUNTY		409,030	555,805	582,829	657,252	797,281	930,025	994,908

Source: 1960-2000 U.S. Censuses; 2002-2003 California State Department of Finance.

COUNTY OF CONTRA COSTA

MISCELLANEOUS STATISTICS

GEOGRAPHICAL LOCATION: Contra Costa County is located near San Francisco in the Bay Area. It is bordered by San Francisco Bay and San Pablo Bay on the west, by Suisun Bay and the Sacramento and San Joaquin Rivers on the north, by the delta country of San Joaquin County on the east and by Alameda County on the south.

ALTITUDE: Sea level to 3,849 feet

AREA OF COUNTY: 732.6 square miles of land and 73.3 square miles of water.

COUNTY SEAT: Martinez, California

FORM OF GOVERNMENT: General Law County, governed by a five member Board of Supervisors. Contra Costa County is one of the original 27 counties established when California became a state in 1850.

	NOVEMBER 2002 GUBERNATORIAL GENERAL ELECTION
REGISTERED VOTERS	484,640
NUMBER VOTING	274,087
PERCENT VOTING	56.55

ROADS: 741.03 miles of County maintained streets and roads in the unincorporated areas.

COUNTY EMPLOYEES AT JUNE 30:

YEAR	NUMBER OF EMPLOYEES*	PERCENT OF INCREASE (DECREASE)	NUMBER OF EMPLOYEES PER THOUSAND OF POPULATION
1999	7,749	7.4	8.5
2000	8,321	7.4	8.9
2001	8,654	4.0	8.9
2002	8,788	1.5	9.0
2003	8,785	(0.03)	8.8

*Full-time equivalents, authorized and funded. Does not include employees of the courts or independent fire districts. Source: County Administrator.